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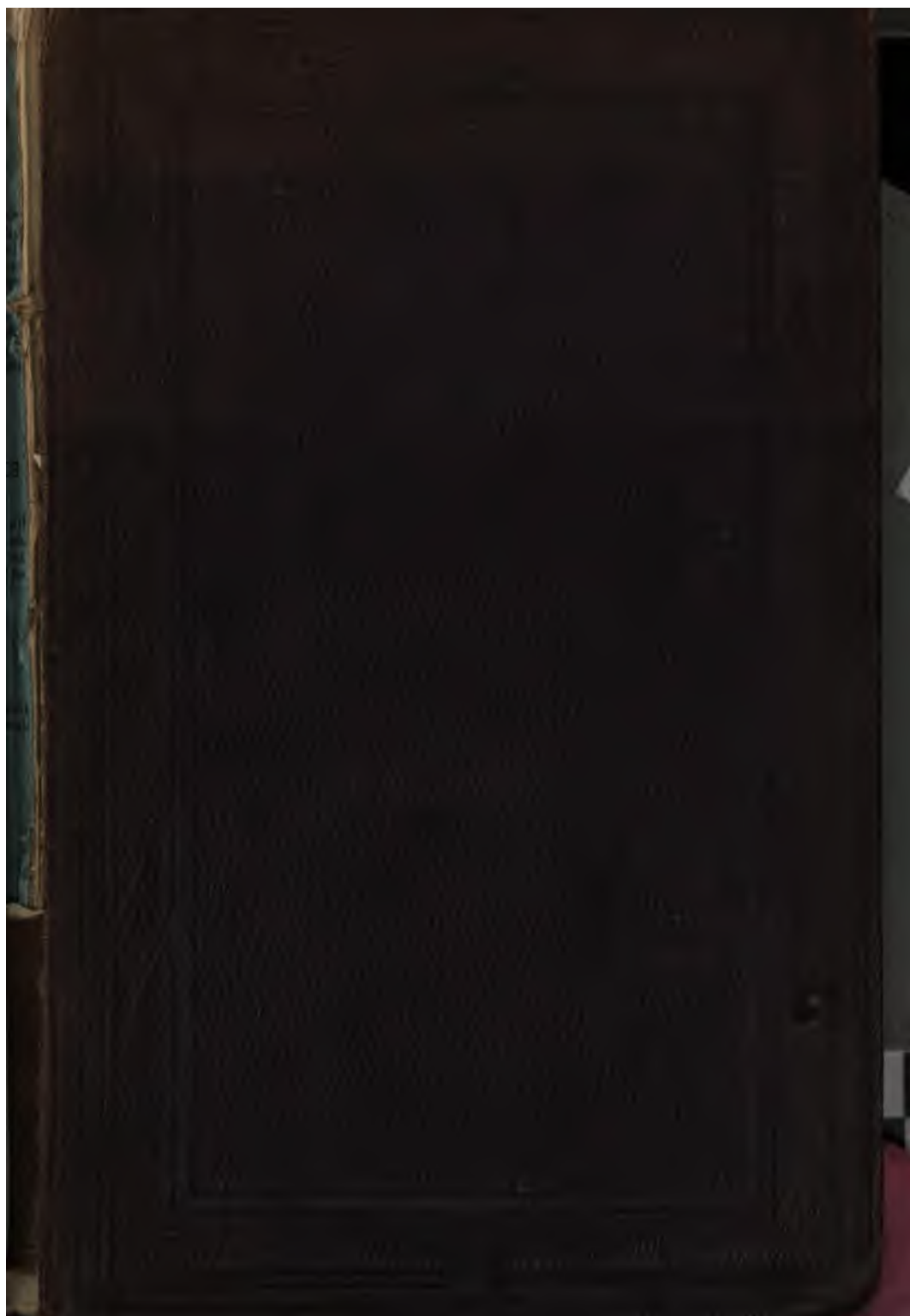
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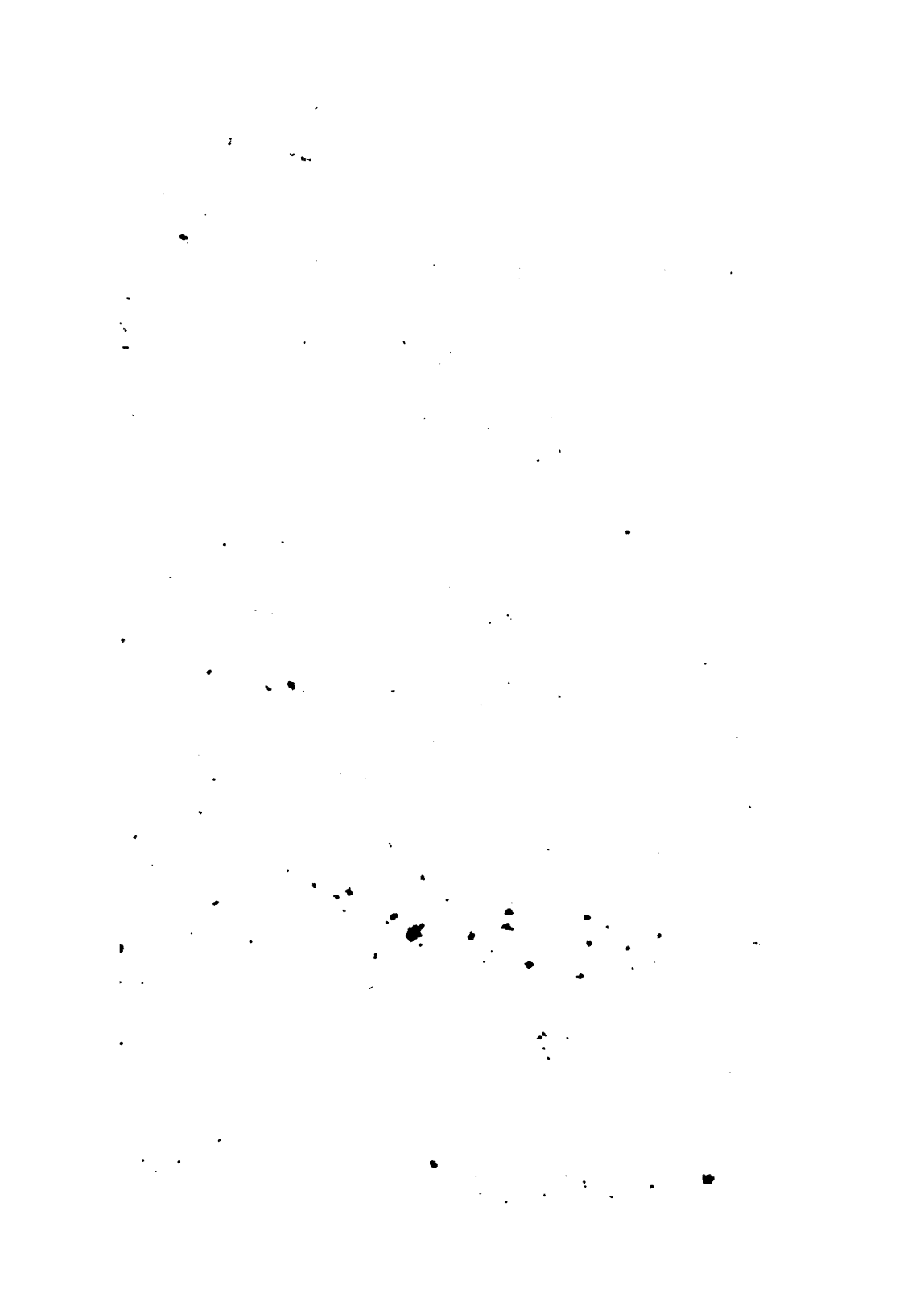
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LECTURES
ON
POLITICAL ECONOMY.

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PREFACE.

THESE Lectures were recently delivered at the Ladies' College in Bedford Square ; but some passages which were omitted as unsuitable to the audience, or by reason of the limits of time, are now restored.

The delivery was a sudden thought, determined on and begun in a fortnight's time. The publishing is also enforced by the desire to put the lectures more fully into the possession of the audience. In the midst of many occupations I cannot hope to give to them any elaborate perfection of form ; and I have thought it far better to leave them with all the directness, abruptness, and dictatorial manner appropriate to teaching. Moreover, the necessity of composing exactly thirteen lectures of an hour each, has in part cramped the arrangement. But in apologizing for defects of form, I would not wish to imply that the opinions or thoughts are hasty*. Where I have controverted great authorities, it is after long and deliberate thought ; and not with any desire to undervalue those by whose labours we profit. But the very eminence of great writers makes their errors mischievous, if not disavowed.

* Those who heard the lectures may have a right to be informed, that some errors of *fact* into which I had fallen concerning the English gold currency are here corrected by the kindness of a friend.

The penultimate lecture is strictly Political and not Economical ; but the craving for remedies, naturally induced by the statement of existing Economic evils, almost forces a lecturer beyond the field of his own science : and, as I have expressed at the end, modern Socialism seems to me to spread because of the silence of all but Socialists concerning the remedy. I should, however, feel great dissatisfaction in printing the Twelfth Lecture, were I not able to refer for fuller explanation to Mr. Toulmin Smith's recent volume on Local Self-Government,—the most important political work, as to me appears, which the 19th century has produced in England. Of the immense importance of Local Liberties, and their actual deficiencies among us, I became fully convinced during six years' residence in Manchester ; but it is only from Mr. Toulmin Smith's works that I have learnt the immense resources of the COMMON LAW of England, and that nothing but the arbitrary encroachments of Parliament at this moment hinders a vigorous local legislation and local government, under the fullest local freedom which can be desired.

CONTENTS.

INTRODUCTORY LECTURE	Page 1
--------------------------------	-----------

LECTURE II.

Rise of Private Property.—It exists before Law, yet is confirmed or modified by Law; and sometimes is created.—What things <i>may</i> be Private Property.—What is Capital.—Profits of Capital.—Wages.—Usury and Interest.—Gold and Silver Money.—Primitive Banking.—Depreciated or suddenly Deficient Currency.—Commercial Crisis	28
--	----

LECTURE III.

On Distribution.—Relation of Profits to Distribution, and to Production.—Use and absolute necessity of <i>Middlemen</i> .—Effect of Competition on Price (especially of Food), on Wages, Profits and Interest	51
---	----

LECTURE IV.

§ 1. Laws of Price, p. 80.—§ 2. Tendency to Equalization of Reward for equal Service, p. 90.—§. 3. General Deductions, p. 94.—§ 4. On Fixed and Circulating Capital	97
---	----

LECTURE V.

On Population and the Distribution of Employments	104
---	-----

LECTURE VI.

History and Nature of Landed Property and of Rent	124
---	-----

LECTURE VII.

	Page
The Laws of Rent and Tithe	148

LECTURE VIII.

On various Tenures of Land.—On Foreign Commerce and Emigration	179
---	-----

LECTURE IX.

On Government Revenue	207
---------------------------------	-----

LECTURE X.

Money and its Representatives	238
---	-----

LECTURE XI.

National Debt and Poor Laws	263
---------------------------------------	-----

LECTURE XII.

Public Remedies for our Pauperism	287
---	-----

LECTURE XIII.

The Economical Remedies for Pauperism	314
---	-----

LECTURES

ON

POLITICAL ECONOMY.

LECTURE I.

INTRODUCTORY LECTURE.

2

WE are accustomed to speak of mankind as living under two different conditions,—the *savage* and the *civilized*; and although the latter phrase is exceedingly vague, it has a real contrast to the former, which we shall do well to examine.

The *savage* state derives all its peculiarities from the isolation of man. In it, each man does everything for himself. He procures his own food, makes his own weapons and his own canoe, builds his own hut, and, if he be an agriculturist, tills his own ground. His clothes, his tents and their furniture are made by him or by the females of his family. Great resource is displayed in all this, and at intervals an extraordinary perseverance in industry. Yet the labour thus bestowed is comparatively unfruitful, so that the savage is poor

and exposed to the severest sufferings in occasional famine or violence of the seasons. Nor is this the worst; but, as no man can be exempted from the same routine of labour, little cultivation of mind is possible; the materials and the art of writing are unknown, so that there is no transmission and bequeathing of thought, and no accumulating of knowledge. Man, like the animals, then attains his own small measure of individual perfection, and dies, leaving his child to run the same monotonous race. There is little or no perceptible *progress* in successive generations, while the state of individual self-sufficiency continues.

Men begin to cease to be savages, and take the first step towards *civilization*, when they devote themselves to different special occupations, so as to be in a social sense necessary to one another. The members of a savage tribe do indeed need mutual aid for defence against enemies, just as do gregarious animals against wild beasts; and the only political duties and virtues of the savage turn on warlike necessities. Were it not for these, each family might live apart in the wilderness, as in fact they sometimes do. But when *Division of Labour* arises, no family can live alone, and the village-life becomes essential. The moral and intellectual effects of this are not inconsiderable, but my immediate business is with the economical ones. You must all be aware how much more profitable labour becomes, when it is duly organized. If ten Englishmen were wrecked on an empty land, they

would presently adopt some distribution of duties :—some would fish, and some would hunt, some would prepare shelter, and one would cook : but, for each to attempt everything, they would see to be ruinous to all. A small number of persons thus thrown together,—all being known to all,—each being an object of personal interest to the rest,—may live together as a *single family*. Any one who was idle would be observed, rebuked, stigmatized, and, if necessary, excluded from the general advantages. No buying or selling would be needed, all might live on common property ; and during the pressure of severe danger, while every life was valuable, perhaps no jealousies or private interests would disturb the general harmony.

But the continuance of such a state is simply impossible, nor can it be shown ever to have existed historically except for a little while in certain religious unions. Even there it is broken up by marriage. Wife and children are not only *dearer* to each man than are his associates and equals ; they are more peculiarly his to care for. Hence the man who is more industrious, more skilful or stronger than others, desires to devote his supernumerary efforts rather to the especial comforts of these so dear to him, than of the whole community. This in fact is his duty as well as his tendency. And when numbers multiply, so that he cannot familiarly know more than a small part of them, the distinction is of necessity made (which indeed exists from the first) between the FAMILY

and the WORLD. Within the Family there is no buying nor selling, but all that is needed by any member is freely received : so much the more, in order to be able to exercise such love within, liberality must be restricted without. Within the Family *mine* and *thine* is not said, but all is *ours*. But beyond the Family each has rights against the other ; what is mine is not thine, and what is thine is not mine. Towards the Family, then, *Love* is the only rule ; but towards the World *Justice* takes precedence of Love. Within the Family there is Inequality,—Rule and Obedience ; in the World, men meet Equals and Rivals. Private Property is indeed often given away in nascent communities to those beyond the Family with wonderful generosity, especially food ; for hospitality is a chief virtue among such : still, it is felt as a *gift* : and from the day that the raisers of food become a special class in the society, it becomes ordinarily necessary to purchase the food by offering in exchange for it some useful commodity. This we call Barter, which is the commencement of economic co-operation.

All voluntary exchange being beneficial to both parties, the primitive barter gives no room for quarrel or question. But when two persons desire to buy the same thing, a new element enters. An ingenious man has built an elegant canoe, and two others at once propose to buy it. One offers him a full dress of splendid feathers, and a bow and arrows ; the other offers him a set of hides well-cured, and several mats. He takes which he pleases. If no

one else can make canoes, the maker of it has a *Monopoly*, or sole power of selling; and, if the others can offer things similar in kind, is virtually selling it by *Auction* to whichever will bid most. This cannot be blamed morally. For there is no natural reason why he should sell to *one* more than to the *other*, or why he should give it in exchange for *two* mats rather than *ten* mats. If one of them is willing to give ten, what can justify a bystander in saying that ten is too much?

In result, however, his monopoly cannot last long. If there be a general desire for canoes, which makes many persons willing to give liberally for them, others will be induced to employ themselves in canoe-making; and ere long will be able to offer to purchasers canoes nearly or quite as good. It is then no longer an Auction; for while on the one side there are persons who bid against one another for canoes, on the other also are canoe-makers bidding against one another for purchasers. And this is called *Competition*, and every scene of competition is called a *Market*.

In passing I may answer the question,—How does a buyer differ from a seller? He who gives mats for a canoe, buys a canoe and sells mats. Why then should he be called buyer more than seller, or seller more than buyer? The reply depends not on the exchange, but on the previous state of mind. He who comes into the market saying, "I want: have you?" is a buyer: but he who comes saying, "Do you want? I have;" is a

seller. Both characters *may* be joined in one man, but are not necessarily. He who has a perishable article, is eager to part with it, even if he just then wants nothing in particular. He desires to exchange it for anything more durable : he then is a seller. He who wants immediately and urgently some one article, and has one or more durable things to offer for it,—he is a buyer.

Here we meet for the first time the beautiful providential arrangement which binds human life together. Nothing is more urgently needed than *food* : hence he who comes into the market to purchase food would be unduly put into the power of the food-raisers, only that food is a very *perishable* commodity. Hence those who possess it are practically as eager to sell, as those who are hungry to buy. Butchers, bakers, farmers, graziers, though seemingly able to starve the community, are not on that account socially powerful, or able to take advantage of other people's want. Small and highly peopled countries, which import a large fraction of their food, as Holland, Malta, and the Channel Islands, for long periods of time are found to enjoy as cheap a market as those who raise food for themselves, and one decidedly steadier.

It will now appear that the first fundamental phenomenon economically distinguishing more civilized from savage life, is *the periodical or perpetual existence of a market*. Without the market there could be no generally established division of labour, and in fact there must generally be speedy

starvation to a part: without the market, men must relapse into isolated and unprofitable labour, unless Families could be made of sufficient magnitude to embrace all economical advantages, and willing to renounce all traffic beyond the limits of the Family. The last point, however, is an unimaginable absurdity. Even great nations are glad to make exchanges of produce and manufactures, and find a vast economy in it. Though we have iron, timber, hemp and hides at home, we receive such things from Norway, Sweden and Russia. Between us and Germany the exchange of manufactures has been peculiarly complicated, each nation seeming to give what it also receives. If even great countries could not renounce traffic without vast loss, it is obviously absurd to imagine that Families, consisting (say) of 1000 persons each, could, without wilful and wanton waste, use all their produce on themselves and receive nothing from without. There must always be a buying and selling of at least Family with Family; and such buying and selling must go on in the public market of the world, and essentially implies Competition, without which there can be no such thing as *Price*.

I call your most special attention to this point. *No Market without Competition.* To condemn Competition is to condemn Buying and Selling. Benevolent persons in every age, on seeing the sad phenomena of misplaced labour, and of consequent poverty, have been apt to murmur against the whole economic structure of society. Miscal-

culations, smaller or greater, will and must be made. If those who work at a certain trade (say, at *Hats*) make more of their article than the community finds it convenient to buy, a part remains unsold, or, in order to attract buyers, is sold cheaper than was calculated; thus the Hatmakers are losers. *And nothing but loss can possibly teach them that they are overproducing.* Take the case of new shops. When new rows of dwelling houses are erected, a certain number of new shops are opened on speculation. If they succeed, more are opened; and so on, until they begin to fail. In all trade a partial loss is thus at last inevitable, and ought to be counted on, and covered by general profits. Now in the best-ordered system, the market is extremely sensitive. Where there is a public exchange, and all the smaller trafficking blends into one, the decline of half per cent. in prices may warn the manufacturer that production is becoming excessive, and he perhaps instantly checks his proceeding, before any serious loss is incurred. But many causes often induce a contrary result. Ignorance and poverty can neither change nor suspend their trade. Great manufacturers are often forced to go on producing, because they will lose still more by letting their machinery stand idle; and for many reasons a market will get from time to time painfully glutted. Prices fall suddenly; rich men become bankrupt, honest workers are left without employ, and are hereby sometimes exposed even to starvation. The evils and hardship of this ought

never to be made light of; and let me assure you that I (for one) look with no complacency on the existing state of the mass of English workers. But be it remembered, it is a complicated and immense problem to feed 20 million mouths. In a savage state, Great Britain would perhaps have only half a million. To interfere artificially with the great agencies by which this vast population feeds itself is a most delicate and dangerous affair; in which the purest philanthropy, unless guided by true and positive science, would be ruinous. If any one propose measures for elevating our working class, by all means let us acknowledge that his object is excellent, and the attempt anything but superfluous. But if he accompany his plan with invective against Competition as in itself an evil thing, then, whatever his benevolence, I cannot refrain from characterizing his scheme as ignorant and dangerous.

I do not speak at random. Printed papers have been put into my hands, which advocate the establishment of Christian villages in which common property is to be the rule. To recommend these, Competition is denounced as an essentially *unchristian* principle; (of course that means a base and evil principle;) and to this statement the names of three English bishops are annexed. The same tone of address prevails in all those who are endeavouring to promote what they call Christian Socialism.

The danger to the uneducated, arising from this, is, that they are incited to rancour against their own equals who dare to compete with them, and

to accept work which they want to keep for themselves. The *only* competition which they see, is, that to which they are themselves exposed; that capitalists also have to stand competition, escapes them. Selfish violence against their rivals is thus held up as a venial, if irregular, punishment of guilt.

To bystanders, on the other hand, this Socialistic scheme is dangerous, because it furnishes idle minds with a ready-made creed, and saves them the effort of thought. In every break up of old beliefs any new system that can start with enthusiasm has a good prospect of adherents. If discontented with Old Physic, we easily become Homœopaths or Hydro-paths; not so much because we have proof that either new system is true, but because we find the old one unsatisfactory. The same cause gave currency to Astrology and Egyptian Religion in old Rome, and afterwards to Mohammedism in the East, and, in modern times, to Fourierism in France, to Mormonism in America. The Socialists appear to me to be so empty of proof, as scarcely to deserve scientific reply; but their strength lies in the tendency of men to accept any new system which pretends to obviate felt grievances.

Their errors I would classify as moral, political, and economical. *Moral*: 1st, in speaking as though my duties were equal towards all mankind; which is untrue. To have any but a very secondary care for those who are unconnected with me in the relations of life, would be a hurtful Quixotism. 2nd, in

wonderfully undervaluing the difficulty of subduing a ruinous selfishness in a community that lived on common property. *Political*: in imagining that such a community, if men were allowed to choose their own occupations, would not presently break in pieces from their rival preferences; or that if it were subjected to the despotism of a single mind, it could fail to degenerate into apathetic stupidity. But my peculiar business is with the *Economic* error, which consists in blindness to the fact, that there can be no such thing as Price except through the influence of Competition; and that if they mean to allow exchanges between Community and Community, they ought to abandon this declamation against Competition.

Consider once more the circumstances of exchange.

If human labour were so uninventive, that the best organized industry were absorbed on mere necessities,—food, clothing and shelter; there would be room for the argument, that, wherever was a superfluity of these things, all who needed might be allowed to help themselves freely. This is the state of brute animals, and approximately of savages. But when, through the ingenuity which God has given us, our labour becomes tenfold and twentyfold in efficiency,—when, in consequence, a large part of a nation must either be idle, or produce luxuries, (I mean here, things not necessary,) it is absurd to argue in the same way. For instance, if Velvet is produced, how is it to be exchanged with Potatoes? Is it not egregious nonsense, and

almost a desecrating of right sentiment, to say, "the Law of Love shall rule: let *them* take as much velvet as they need; and let *us* have as many potatoes as we need?" The reply is, first, that no one *needs* velvet;—next, that it is *not* the Law of Love to let each help himself; for while supply is limited, one may so do it as to deprive others. To discuss and discover how much a man *needs*, is an infinite question.

The only feasible mode, is that of a Poor Law, which, under certain circumstances, doles out a definite supply to each. And this breaks down of itself, unless the persons thus relieved are a small fraction of the whole. The many must support themselves by free exchange. The truth is really plain, but needs to be enforced, that Competition, though (like all the laws of Nature) often severe, is yet a beneficial, as well as a necessary process. If I desire to get my garden dug, and am about to pay a man 4*s.* for his day's work, merely because I have been accustomed to pay that sum, but before I have agreed with him, another man offers to do the same work for 3*s.* 6*d.*, the presumption is that the latter is in greater need, and that (unless I am in some previous moral relation to the former, which ought to be respected) I shall do a more humane act by employing the one at 3*s.* 6*d.*, than the other at 4*s.* I do not now treat of the *prudential* question. The cheapest priced work is not always truly the cheapest. I merely say, that *if it be* really the cheaper, and if we be in no nearer moral relation to one than to the

other of the parties, my humanity, quite as much as my parsimony, will dictate my receiving the cheaper bargain.

However,—in theory, might we not lay down that the time occupied in producing an article measures its value? Then if one man can hunt, shoot, and bring back a bag of game in the same time that another can carve a walking-stick, the stick and the bag of game ought to be of equal value in the market.—But it is obvious, that no one can know how long another takes or *ought* to take about his work, *except* by aid of competition. When fowlers bring strings of dead birds into the market, their competition lowers the price so as to put a fine on the unskilful or idle; and again, so as to punish them all, if they kill more birds than are wanted. Surely this is a most wholesome principle. It forces all to sell at or nearly at the price of him who can afford to sell cheapest; which is to the universal benefit of buyers. And as they sell only in order to buy, they reap the benefit of competition in their turn, when they come forward as buyers.

It might seem needless to say, (were not Party Spirit so rife,) that the desire to buy cheap and sell dear is not the sole motive of human action:—as well suppose Fire to be the only element, or love of property the only passion. If some are avaricious, and live only for gain, this is surely no reason for saying that the desire of Property is an evil thing. We are to be liberal and generous in due place; but in order so to be, we must have something to give

away; and if we are to husband our resources, we cannot be wholly indifferent to the price which we get for the commodities which we sell. In the market of the world, Justice, and not Charity, regulates our dealings; and it is just to receive what another is willing to give. Charity (or Mercy towards the distressed) has also her own appointed place—even in the sphere of Politics; but it is not a transaction of the market, nor does it concern Political *Economy*, any more than the mutual liberalities of a family circle.

I have thus far endeavoured to show, that the civilized state is one in which markets are perpetual;—that markets essentially imply Competition, and that Competition has been most erroneously and causelessly vituperated. I proceed to trace in sketch the natural history of economic progress.

Intelligence first develops itself in Towns, and the industry of the country lags behind, being generally retarded by serfdom and ignorance. I reserve for a future lecture the consideration of landed Property; but I may say, that in many countries of the Ancient World, society resolved itself into four main divisions, 1, civilians and literary men, all called priests; 2, warriors; 3, merchants and artisans; 4, peasants. This is often regarded as peculiarly Oriental. In Europe, the Druidical system of old times, and the Roman Catholic of the Middle Ages, had no hereditary Priesthood; but the Priests were adopted out of the other classes. Neither from the warriors nor from

the peasants could any economic improvements spring, which almost always came from the merchants and artisans, aided by the intelligence of the Priests. In early times these classes show a powerful tendency to the hereditary transmission of their art or occupation, so that *Castes* are presently generated. When skill is improving, each father is disposed to impart his skill to his own sons. Especially when books scarcely exist and all teaching must be by word and hand, every workshop is a school, and every workman is a teacher of apprentices. The natural tendency in every father to transmit his trade to his son, was then sometimes made compulsory, especially in the most populous communities. This I think may be probably attributed to the jealousies of trade-unions. When a father found it hard to get work in his own trade for *all* his sons, he was angry with men of the same trade who taught the craft to *any but* their sons. An outcry from their fellows arose against all who thus glutted the market, as they viewed it; and the trade-union would probably forbid its members to take apprentices except from the families of those already in the trade. This would be meant as "Protection" to themselves. But since other trades would imitate the example, the rule was built up on all sides that each man must follow his father's business, since he found himself shut out from all other business. In the end, none were the better. The tailors had wished to keep the tailoring trade for their own children; but in consequence, no tailor

could bring up his son as a shoemaker or hatter: which was virtually to enact that each trade must expand in the very same proportion as the entire population. If the numbers of the trade increased in a faster ratio than this, they were made miserable; if in a slower, the public got bad or deficient goods. It seems incredible that Castes (as a system compulsorily hereditary) were ever imagined originally by a speculative mind: they arose of themselves, out of the colliding forces of society, and were afterwards sanctioned by law and made obligatory by religion. While I think it certain that these restrictions were economically hurtful, they nevertheless rose out of unions which were morally beneficial, and they contributed to the intimacy of those unions. Intermarriages took place to a great extent between families of the same trade, though it is not probable that that was compulsory: thus they looked on one another as kinsmen. Indeed, among the Greeks and Romans, the primitive population was broken up into *clans*, all the members of which regarded one another as akin, and celebrated their relationship by special religious meetings. But this was a political, not a commercial development, and was so much the more valuable, because the members were *not* of one trade. In the Middle Ages of Europe, the chartered towns had an organization depending on guilds or commercial companies, which taught their art to apprentices only under special conditions. We have full reason to believe, that skill was on the whole as much

advanced by this system, as by the severer one of Caste.

Every trade-union or Company, while it is moderately well conducted, and holds the rich as well as the poor, serves many important purposes. A prominent evil, in that stage which we have obtained, is, the isolation of families from all powerful support, when unforeseen and undeserved distress comes on. A union of different trades, as in a Greek or Roman clan, is far better than of one trade; because it often happens that one trade alone is peculiarly exposed to commercial suffering: then the others are able to help it. A union consisting of only the poor members of one trade, has little economical use; as of working weavers, without the capitalists who employ them. But an English guild in old days took in the rich merchants as well as poor shopkeepers, and not only kept up good feeling between richer and poorer, but rescued the poorest from the danger of perishing unseen and unknown. Still, it could not exist without large internal power over its own members. The rest of the community ill bore the conditions on which alone it allowed apprenticeship; thus the demand for more freedom undermined these communities, and reduced them to comparative insignificance.

The freedom which we have attained has great Economic advantages, but so many Moral disadvantages as might make one hesitate in choosing it, if any alternative were open to us. What is it that

often makes the population of an old country-village pleasant to us? It is, because every man has a character to lose. All have been known to all from youth. There may be a few persons bad beyond cure; yet even towards them long knowledge produces a kindly feeling, which keeps them from the worst extremes. At any rate, no one can fall into evil courses, nor into distress, without its being known and observed; and common men are more virtuous, when strong public opinion watches them. Such is the state of a community which grows entirely *from within* and rather *slowly*. But a modern town is largely peopled by immigrants, unknown to one another and to the old inhabitants. Just as a country loses patriotism and organic union, when new settlers come in from different quarters so rapidly as to outnumber the natives; so to sustain the true corporate spirit of a modern rapidly-formed town is hardly possible. Men come to it, not to live there,—not because they were born there,—not because they love the place,—but, to get money there; hence they have seldom the same attachment to the people, whom in fact they do not know. Such considerations belong not to Political Economy, but to Politics; yet they are not the less important: and if Economists discard them as not forming part of their science, they ought to remember far more than they do that their science does not include the whole of Politics, and is not the sole guide of the Statesman.

It has indeed been much contested, what are the

limits of Economical Science. The narrowest definition of it is that of Archbishop Whately, who regards it as the Theory of Exchanges, and desires to substitute for it the name *Catallactics*. The widest is that of those who virtually would make it synonymous with Politics; but this is done by those only who are ignorant of and prejudiced against our science, which they try to swamp and swallow up, by diverting the mind to other subjects. Between these two extremes lies the view of the great founder of sound Economical Science, Adam Smith. He called it, the theory of National Wealth. It does not study mere *Exchanges*; it also includes the doctrine of Property and the effects of Taxation, Poor Laws, and National Debt. Hitherto, the value of the Science has been great in dispelling false and injurious theories, but very small in originating positive benefit; and for this it has been scoffed at; but very unjustly. The same may be said of Physic and of Politics. Physicians are themselves ready to allow how unsatisfactory are the practical results of their *art* in curing disease; yet their *science* is of great value in repressing false pretenders and mischievous treatment. Were there no educated physicians among us, we should be deluged with Astrology, Charms, and Magic. The science of Politics has hitherto had still less perceptible effect; but it saves most educated minds from wild and false expectations, and gives sobriety to their efforts. In Political Economy the danger of quackery is immense; as the history of opinion

shows: and those who have not studied systematically the works of men who have devoted themselves to the science, are (here as in other branches of human knowledge) apt to trust their own theories, and to name all others *mere theorists*.

I cannot better conclude this lecture, than by a sketch of the false theories which have been successfully dispelled.

Hitherto I have refrained from naming the word money. Even to children who know the fable of king Midas, it may seem too plain to need enforcement that Gold and Silver are not alone or peculiarly wealth. As useful commodities they are wealth, as much as, but not more than, copper and lead. Coined Money is of great convenience, since in it the prices of all things can be measured. We have not to study how many casks of wine are worth so many bales of wool, and again, how much wool is worth so much cloth; but *each* is computed in Money, and then the comparison between any two is easy. Thus money is not wealth, but is the *common measure* of the worth of articles. Nevertheless, as it is by means of money that we practically purchase, the vulgar or childish idea of a rich man is that of one who has a vast sum of gold locked up somewhere. Just so, the Asiatics imagine that England must possess gold mines, because we are so rich: and mercantile speculators three centuries ago fell into this childish conception that Gold and Silver was the truest kind of wealth. Hence they inferred that the way to enrich a nation was to

enact laws that should as far as possible draw the precious metals in, and hinder their going out. Now in selling, we receive money ; in buying, we spend it ; so that the aim was to be, to sell as much as possible, and buy as little as possible, so that *a balance* of gold and silver might every year be due to the country. Accordingly the entrance of foreign goods was to be either prohibited or at least discouraged by heavy duties upon them, and the exportation of native products or manufactures was to be encouraged by giving every facility, and sometimes even by paying *bounties* to the exporting merchants out of the public purse.

If such a system could have been consistently acted on, by one and only one nation, as England, the end of it must have been to accumulate into England a vast and perpetually increasing quantity of gold and silver, and to drain us of all useful and pleasant things besides. The country would be living like a miser in a garret, with vast hoards which he has not the heart to use, slaving himself to no purpose, and barely consuming enough to sustain life. When the time comes for spending, then no doubt his treasures will be of use : but when will that be ? If a nation is liable to the sudden attack of war, there may be an advantage (political rather than economical) in keeping a treasure of several millions in hard metal against such a contingency : but the sum then is limited ; whereas in the Mercantile Theory no limit was set. The money was coveted to possess, and not to use.

If this theory had any truth, the richest countries would be those which possessed mines of the precious metals ; and their proper policy would be, to dig up the ore, to smelt it, to give it its greatest purity and beauty, and then—lock it up in fortresses and forbid the exporting of a single ounce : after which the nation would be wealthy !

Monstrous as is this philosophy, it was so adopted into public policy, and most eminently by England, that it has taken 60 or 70 years to extirpate its enactments among ourselves. Its evils are still alive here, and yet more all over Europe ; and, under other names, outcries are still raised for its restoration.

But it will be clear to you, that a system so selfish in its aim must always be defeated. If it were true that Gold and Silver were the only wealth, and if England endeavoured by artificial law to retain for herself all the Gold and Silver of the world, of course France and Germany and Spain would retaliate. If we excluded their products, they would exclude ours. If we said to them, “ We will sell to you, but we will not buy of you,” they would assuredly reply to the very same effect : thus all commerce would be stopped, unless one could overreach the other : and if the mining countries were wise enough, they would (it seems) impoverish all the rest by withholding the precious metal.—To dwell further on these absurdities is needless ; but it is well to insist that, a century ago, these were held as an indubitable creed by

nearly all statesmen, and that two generations had to die and a third to arise, before the truths declared by Adam Smith could gain any wide currency ; so inveterate is error, when it has found its way into public enactments.

You must consider how a law practically acted, which, in order to increase the Gold and Silver in the country, excluded certain foreign products. It gave a far greater development to the trades which produce the corresponding native products. Thus, if foreign wool is taxed and foreign manufactured silk excluded, the effect is to promote the demand for English wool and English silks, *provided that* the increasing population and wealth of the country enable them to consume them largely and pay liberally. The English sellers are in that case made more numerous than they would have been, but they are not individually the richer for it. (The full proof of the last point I cannot here give ; but it is sufficient to say that, as a fact, the Spitalfields silkweavers were no better off, but rather worse than other trades, *before* they were exposed to foreign competition ; and so were the English farmers.) The law, therefore, which was intended to increase the Gold in the country, though it could little effect that, did something else which it did *not* intend,—viz. it raised up a class of persons liable to loss or ruin, if now exposed to competition with the foreigner. They were accordingly said to be protected : and because it was a hardship to them to have to bear a *new* competition, a more recent

theory arose, which forgot all about Gold and Silver, but pretended that the fostering of certain native products, especially corn—by refusing the foreign articles—was in itself a legitimate object with the State.

This new theory was partly Political, partly Economical.—*Politically*; it was said to be *dangerous* to depend on the foreigner for supplies of corn; for perhaps he might starve us, if war broke out, or might severely humble us under threat of starvation. The replies to this are decisive. 1. During the great war against Napoleon we had many years of deficient harvests, and though he was often master of the whole Continent, he never could hinder our getting as much corn as we chose. 2. Malta and Holland, which always import largely, have, in spite of war, had steadier markets than other countries. 3. We should never depend on one country only for supplies of corn, but of course on many: IF these were all to combine against us, no doubt it would be a severe struggle; so it would, with or without corn laws. 4. A country which sells corn, is as truly liable to ruin by losing its market, as a country that buys is liable to starvation. What are English farmers clamouring for, but for the advantage of selling to English townsmen? Are we to suppose that Polish, Russian, Spanish, American farmers, if once habituated to supply the English market, would not be *equally* resolute not to lose their good customers? Our Henry VIII., in a despotic freak, declared war

against the Low Countries* ; but he was forced to make peace by the revolt of his agricultural subjects, who were frantic at the prospect of losing their best customers, the Dutch. Thus, free trade was so far from exposing the Dutch to being starved by the English despot, that it actually forced him to keep the peace towards them. After fifty years of really free trade in Europe, international war would be as difficult to bring about, as Civil War is at present: and already, the Peace Interests of England have strengthened immensely.

But next, for the *economic* side of Protection. It was said, that native workers have a natural right to be shielded by law from the competition of foreigners. If foreign provisions had been *totally* excluded, it would have been more consistent: but when famine set in, all restrictions were broken down. It was too flagrantly absurd to say, that Englishmen must starve, because English farmers had not been able to produce enough to feed them.

The milder theory amounted to this — that Englishmen must be *half* starved, for the convenience of English farmers or landlords. I speak seriously. Only by a stinted supply is it possible to force prices up, which was the thing aimed at. The events of the last three years ought to silence all objectors. The quantities of foreign food poured

* This was in the year 1528. I delivered the words in the text from memory, and have not been able to find my original source of knowledge. But the notices in the Pictorial History of England, book vi. pp. 779, 780, substantially confirm my statement.

in is prodigious, the tilled acreage of England does not diminish, the cattle of England greatly increases,—yet all is consumed. The population has had but a trifling increase, the increase of consumption is immense; it is clear, then, that hundreds of thousands were previously underfed. I must repeat: the aim of the old law was to raise price,—that could only be done by diminishing supply,—so that unless the people had been half-starved, the law must have failed: and fail accordingly it did, when several good harvests came together. Thus, under it, the towns and the rural population were doomed alternately to suffer misery. Protection has been clearly shown to mean,—a thieving from one man to give another the half, and waste the other half on the way.

The Commercial Theory of Gold and Silver Wealth, and the theory of Protection, have thus been successively exploded from English legislation; but, in attaining our present freedom, we have lost all our old unions. Guilds are of little efficacy. The new trade-unions, being only of the poor workers, and of those of the same or kindred trades, have not much value as a cement of society. Municipalities and Counties have fallen in proportionate weight: Centralization has increased; population shifts more rapidly; contracts are made for shorter times; the union not only of buyer and seller, but of master and servant, is a less permanent, and therefore a less moral one. We have attained a high power of producing wealth, but at the expense of moral rela-

tionships. Nay, more than ever we seem to have become resolved into two great classes, Patrician and Plebeian, separated generally by Education, sometimes only by Wealth. A large fraction of the nation lives from hand to mouth, and feels little alliance to its economic superiors. I think it impossible for any one to contemplate these facts with a fresh eye, and not to feel grieved and humbled that our vast resources have produced no better result. It is not the largeness of our population that is to be blamed; our disease is Moral, not Economical; for, comparing the production of Great Britain with her numbers, we are the wealthiest realm the world ever saw,—except perhaps that of the United States.

Such phenomena give rise to sorrow, alarm, and projects for improvement in philanthropic and sanguine minds. Most justly. But our philanthropy will only do mischief, if it be not guided by a sound understanding of the Economic Forces of society. In hope of clearing your minds to a just discernment of these things, I mean to treat in my future lectures concisely of all the main subjects of Economy. Although I have so distinctly renounced Socialism, I shall not think it my place so much to combat it, as to furnish you with the means of examining either that or any other proposed industrial scheme.

LECTURE II.

Rise of Private Property.—It exists before Law, yet is confirmed or modified by Law; and sometimes is created.—What things *may* be Private Property.—What is Capital.—Profits of Capital.—Wages.—Usury and Interest.—Gold and Silver Money.—Primitive Banking.—Depreciated or suddenly Deficient Currency.—Commercial Crises.

IN my former Lecture I followed Adam Smith in defining Political Economy to be the theory of National Wealth; but by the word National you must not understand exclusively the wealth of the *State* as distinguished from that of the wealth of the *individuals* of the nation. Our science includes both. I therefore almost think that it would be better to drop the word National, and call it simply *the theory of Wealth*:—but I believe no definition will really suffice to fix our outline properly. Kindred sciences generally so run into one another, that unless each trespasses a little, it leaves its own ground ill-cultivated. Good sense must restrict such trespasses within moderate limits, but definition cannot.

In semi-barbarism, it may so happen that individual Property scarcely exists. Among the ancient Germans hospitality was carried to such a pitch, that any one came at pleasure to live on the stores of another; and when those were consumed, the host conducted his guest to some new abode, where they could both live at the board of some richer man. In

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such a state of things, no one will labour for wealth. All are contented with little; or if more be coveted, it is coveted to feed large bands of retainers. He who by wealth and generosity can make himself a central object to fifty or a hundred comrades, becomes a chieftain; and as he looks to their swords for support, he highly values every brave man among them. Such a condition of things agrees better with the pastoral, than with the agricultural life: and at the time to which I refer, the Germans lived much more by their flocks and herds than by tilling the soil. A very similar relation of Chief to Comrades still exists in parts of South Africa. In Tartary, perhaps, as certainly among the Arab tribes, it is modified by the long traditional veneration for certain families. But when property is so little valued, men do not willingly undertake the toil of cultivating the earth; and crops are more exposed to the attack of an enemy, than herds which can be driven away. No great industry can be called out, until *private property* is an idea more definitely formed and more sacredly respected. Until then, the principal wealth of a country is that which (as it were) grows of itself,—flocks and herds; which simply need a moderate amount of guarding; and even *that* wealth is not turned to its full advantage, since the manufactures are undeveloped, which would convert wool, hair, horn, hides, bone, into their most beautiful and costly forms.

Private property, however, is recognized from the beginning, in matters of luxury and ornament which

an individual has elaborated. Thus, if a man with a piece of sharp stone fashions the handle of a battle-axe into a handsome form; or if he dresses up a splendid plume to adorn his head;—he has a sense of its being peculiarly and exclusively *his own*, and will feel *wronged* if it be taken away from him. In turn he is capable of feeling sympathy with another as a wronged man, who is similarly deprived. You will thus see that the idea and sense of *Private Property* is not arbitrarily created by Law, but is earlier than all Statute Law, and inheres in a primitive social morality. But, although Law does not originate and invent private property, it confirms or regulates the idea, and sometimes so adds to its force, that it may be said to *create* some kinds of right. This I must briefly explain.

There is a stage of human advancement, in which not only are Captives of war looked upon as the absolute property of their captors, but Parents as the absolute owners of their Offspring; nay, in which a Wife is a mere chattel, whom her husband may dispose of at pleasure. Yet an innocent wife, if cruelly treated, is avenged by her kinsmen; and thus *some* rights are reserved for married women. When Law begins to form itself out of the chaos of Custom, the rights of the head of each family are farther defined and limited. First, a young man able to bear arms is claimed as belonging to the State and not to the Parent. Hence, though infanticide is perhaps not yet censured, an adult son is freed from the excessive power of the father. Next, where

population is valued as essential to the strength of a tribe, (as among the old Germans and modern North American Indians,) even newborn children are claimed as public property, and a parent who slays them is stigmatized as unjust as well as unnatural. Upon this, at a later stage, follow enactments concerning Slaves. If men are treated like cattle, their demoralization makes them dangerous to the State; and Law interferes to secure for the slave some rights against his owner. In a still later progress, it is recognized that men are in *no* sense fit to be the chattels of other men; and a slavedealer not only has—what he calls—his “property” taken from him, but is even liable to a criminal prosecution as much as one who has slain his infant child. All these are examples of Law stepping in to diminish, regulate, or annihilate that right of private property, which existed, or was thought to exist, *before* Law. Civilized Law, however, is only the embodying and enunciating of a more mature and comprehensive morality than the savage mind was capable of conceiving. For it does not regard the rights of one man only, but the rights of all; and it cannot admit as a right in one, that which is discerned as a wrong in another. Yet the slaveholder who is despoiled, naturally thinks himself an injured person, if the enactment comes on him suddenly, however long may have been the previous preparation for it.

In these remarks I am desiring to illustrate the statement, that Law sometimes, on moral grounds,

—by considering the counter rights of other parties, —lessens or annihilates the previously imagined rights of whole classes of men. On the other hand, it sometimes artificially creates new rights. This is most strikingly seen in the matter of *Testaments* and of *Corporate Property*. By nature, whatever property a man possesses, is his to keep or his to give away; and therefore by his last will he may give it to whomsoever he pleases; and if the State, in order to avoid the evil of each man arming for the defence of his own, has taken on itself to defend Property from the attack of violence, then it must equally defend the rights of the Legatee or Heir, as the rights of the Testator while he lived. But that is no reason in itself, why the State should enforce the Testator's desire to continue lord of his property even after he is dead. If he chooses to give it away and make another owner of it,—as completely owner of it as he was himself,—this is within his natural power and right. But he has no natural power or right to give it away under limitations:—to say, “this property shall belong to my wife, only so long as she does not marry again; this shall belong to my son, on condition that he does not change his religion; these rents shall be paid to a certain religious house, as long as it continues to observe the statutes and recognize the creed which I now dictate to it: and in order to enforce this my will, I forbid the selling and using of this property:—only the yearly fruits, rents, produce of it shall be enjoyed and used; I therefore vest the

nominal ownership in certain Trustees, who shall secure the *beneficial* use of it to those others whom I have named." Now I say, that it is for the State to judge, whether it is or is not expedient to take on itself to enforce the observance of such Wills. The Courts of Law, in some civilized countries, would refuse to lend their aid in extending a man's power over property for one hour beyond his death; and all must see the necessity of *some* limitation of time, as regards Property in Land. On Land I shall afterwards speak. It suffices now to say, that Artificial Enactment (guided by an opinion of Expediency) alone decides whether a man shall or shall not have any other power of disposal by Testament, than that of unconditional gift. Nearly the same remarks apply to Corporate Property.

Is there, however, any class of things in which private property may be regarded as unconditional? There is: namely, those things which, *first*, can possess no rights themselves that need to be defended against the owner; *secondly*, that either are not essential to human life or exist in an abundance practically unlimited, so that one man by his absolute possession does not wrong others; *thirdly*, they must have been won by the owner in some peculiar and exclusive way, so that no one else can claim joint or prior ownership. All these points must be illustrated by example.

First, even brute animals must be regarded as having *some* rights. Cruelty to them is everywhere reprobated as immoral, and, under certain circum-

stances, is punishable among ourselves. Thus, in political strictness, it is only inanimate things which can become absolute property. Still, since a man is recognized as having a right over the *lives* of the brute animals which are his property, this, in the Economist's view, need not be distinguished from unconditional controul.

Secondly, where natural forests abound, every man may take as much timber as he pleases: he deprives no one else. The same may be said of Fish and of Game. Nay, water, although eminently necessary to human life, is ordinarily so abundant that every one may take, use, and waste as much as he pleases. While the supply is unlimited, he may gratify his luxury or his fancy with it to any extent. He may make fishponds or lakes for sport, and he wrongs no one. He may construct wheels and troughs to convey water from a river, and irrigate wide estates; yet, if the river fail not, no one can complain. But observe the contrast, as soon as the natural supply shows symptoms of failure:—others then begin to be alarmed, lest *their* portion become deficient. In a crowded town municipal Law makes regulations concerning the public streams: it ought to forbid their defilement; and does so in the best ordered communities. It will farther prescribe rules for the use, and forbid the abuse, of so precious an element; which, in more extreme cases, is distinctly claimed as *public* property.—In the case of a town beleaguered by an enemy, who cuts off the streams; if then any persons have wells in their courtyards,

which continue to yield water as before, such wells would be at once claimed by the public authorities. Some indemnity or compensation might be awarded to the owners on specific grounds, as, the expense which had been incurred in digging and building the well: but a claim of property in the water would be set aside as absurd;—if, for instance, a well-owner demanded a right to sell the water at whatever famine-price he could get. This is an instructive illustration, how an article, which *had* been private property as long as the supply was unlimited, ceases to be private as soon as it becomes stinted, if it be at the same time necessary to the life or comfort of the community.

Thirdly, if one man have planted trees and fenced them against the cattle, and another cuts down some of them as timber and saws them into planks, it is evident that we should wrong the former, if we recognized the absolute right of the latter in the article: but the right of the latter is good, against all other persons than the planter of the trees or his representatives. But to follow such considerations farther, would belong to Jurisprudence, not to Political Economy.

If thus we have gained a distinct idea of things in which an absolute right of Private Property must be recognized, we shall see the necessity of ordinarily treating *all* inanimate movables and tame animals in this light. Not but that, it being granted that ornamental dress and furniture, stores of materials, precious metals and stones, are Private Property,

the question arises, Shall a store of *food* be so regarded? Or, granting that a velvet cloak is private, shall *blankets* be so also?—On the one hand it may be said, Food and Blankets are necessary to life, and they are limited in quantity, therefore they cannot be Private Property. On the other hand, if they have been caused to exist by the industry of an individual, to disown his peculiar right in them is manifestly *unjust*. It is, *as* manifestly, inexpedient; for it will discourage others from producing them in future. Here indeed we may distinguish between ordinary and extraordinary circumstances. Under the pressure of foreign war or of unprecedented and unforeseen calamity, it may be *justifiable* to seize on private stores in order to prevent public starvation; in which case, of course, a reasonable and liberal compensation must be awarded to the owners. Nor would such a phenomenon deter future production; for, being quite exceptive and unlikely to recur, the producers would not anticipate its recurrence. Nevertheless, it will hereafter appear, when I speak of the price of food, that even in the extreme cases of famine such interference of the Government with the market is of very doubtful good.

Except, however, in extreme and very rare emergencies, (if even these *need* to be excepted,) we see that Food and Clothing, although necessary to human life, must be recognized as absolute private property, when they have been earned or caused to exist by private industry: and since Food and Clothing do not drop down from heaven for us, but

always need industry to fetch or to apply them, we may shortly say, that "in all movables, the Law recognizes an absolute right of private property."

Stores of such Property, when applied to aid farther production, are technically termed *Capital*. Without some store, an agricultural nation cannot exist. A pastoral tribe may live on milk and flesh, produced from day to day; but when harvests come but once a year, a store of yearly food must be laid by, to last till the next harvest. With the advance of art, tools are invented and improved: the spade, the plough, the cartwheel, the winnowing shovel, the flail. Stores of timber, hides, wool, copper, and iron, are laid up: all these things, as well as hoards of food, are Capital; so too, in fact, are flocks and herds. Economists, however, are used to imagine a man's entire wealth divided into two parts: one destined to immediate personal enjoyment, the other, reserved to increase his future wealth; and they confine the name of Capital to the latter. According to this mode of expression, the food which is needed to keep a man alive as an instrument of production is Capital; but the food given to a minstrel who amuses him is *not* Capital. The latter is simply consumed, the former is consumed in reproduction.

It has appeared that Morality, and the public Law which enunciates Moral rights, sanction the recognition of these stores as Private Property. We must consider farther what comes of this. An ingenious man (let us say) has invented a Plough.

His neighbours see that it saves labour, and beg the loan of it. The owner is willing to lend, if hire be paid on it, and his terms are accepted. If this is found permanently advantageous to both parties, he makes more ploughs, charges for the use of them, and keeps them in repair. After deducting for the trouble of repair, the recompense which remains is the *Profit* on his Capital, that is, on the Ploughs.

Or again, a man who sees the new efficiency of labour with a plough, is struck with the absurdity of working with a wooden spade or a hoe; and offers to work with the plough for the benefit of the owner, for a stipulated remuneration, which is then called Wages. Often it happens, that, from having no store of food to last till the next harvest, a man is glad thus to offer his services to another. He is then fed from day to day, and receives other advantages that are agreed upon, but claims no part of the crop, which all belongs absolutely to him who pays the Wages.—So, if it be, not a harvest, but some process of manufacture; say, the tanning of leather. He who has Capital,—which there means the Materials for Tanning, with food or whatever will purchase food,—pays Wages to men willing to assist his work, but expects the Leather that results to be regarded as absolutely his own.

One mode of Contract is better than another; but the Contract is a matter of private concern, and whatever it may be, it must be recognized by the Law. Of course it might be so made, that the

workman should receive no weekly Wages, but a fixed payment at the end of the season, or a fixed proportion of the total produce or of the clear gain ; or he may be paid partly in Wages, and partly by a share in the Profits. The moral differences of this or that method will be afterwards considered : at present I am only explaining the *meaning* of Profits and Wages, and showing that each is morally justified.

Examining this in detail, we see, that if any one advances Wages to workmen, he has a right to expect that he will at the end of the period regain more than he lent. If he does not, he has risked his Capital for nothing but the pleasure of doing good. This *may* be to him a sufficient reward, but the community cannot *demand* that it shall be thought by him sufficient, without quite annihilating his right of Property. If, because I possess beyond what I need this year for my own family, 100 barrels of flour, or the means of purchasing this quantity ;—I am therefore *bound* to pay them away to labourers as wages, and at the close of the season must receive back only 100 barrels, and distribute to the labourers any surplus that may remain from the fruit of their work ; it will follow that I am equally bound to repeat the process *next* season, and so on continually,—at least, if meanwhile I have from other sources the means of feeding myself. But to say that I am bound, year after year, to part company with my property for no advantage to myself, is to say that I have no greater

right in it than other men. At least the only difference in it is this,—*they* consume it when they want it, and leave me to take the chance of finding it replaced ;—I also consume it when I want it, but need not labour to replace it. *Profits* are to each man *the reward of Abstinence*. Where, by artificial law or by natural causes, no Profits can be reaped, all personal motive for abstinence is removed ; and unless men could be actuated by a far higher morality than has yet been attained in any nation, either hoarding or immediate indulgence will withdraw all Capital from the market.

In Turkey, where to be notoriously rich exposes a man to excessive taxation, and sometimes to danger of his life, property is either concealed or simply wasted. A gentleman, who had resided five years in Jerusalem, told me that he had seen a whole plantation of olive trees with the fruit dropping on the ground ungathered. He remonstrated with the owner on this waste, but received the reply : “ My friend, I have enough to feed my family with : if I have much more, I shall be an object of cupidity to the powerful, and my life will be less safe.” Nearly the same result would follow, if Law or Public Opinion forbade Profits. By making superfluous property almost valueless to the owner, it would prodigiously enhance the tendency to immediate enjoyment ; it would repress frugality, promote universal poverty, and prevent the poorest from finding resources in richer men.

Nor would the highest morality in any case

forbid Profits. He who temporarily abstains from using and enjoying what is his own, and meanwhile lets others enjoy it instead, deserves a reward in kind. He *may* afterwards choose to give away his Profits, but they must be his own, or he cannot have the pleasure of giving away. For labourers to come to ask that he who spends his property on them for the contingency of recovering it shall derive no material advantage himself,—shall encounter the risk for the pure pleasure of doing them a service,—is too unreasonable to occur in real life. It is only a dream of closet-theorists. Practically, the total gains of every permanent trade are divided into at least two parts, of which one belongs to the Capitalist, and more than replaces his Capital; the other part, whether paid all in Wages or partly as Wages, partly as a share of Profits, goes to the workman who contributes no capital. In what proportion the division is made between Capitalist and Workman, depends on circumstances to be afterwards brought forward.

Suppose now a state of things in which Capital is steadily receiving Profits, and you will see a new possibility. Some Capitalist becomes weary of the duties of superintending labourers. He takes a partner in his business, throws on him the burden of duty, and practically retires from active service. He becomes what is called a *sleeping partner* himself. He can no longer expect the same ratio of Profits as before, but a new arrangement is made. Either a fixed salary is assigned to the managing

partner, which is to be paid *before* any division of Profits is made, or a smaller ratio of Profit is allowed to the Capital of the sleeping partner than to the Capital of the other; or lastly, a fixed percentage of profit is allowed to the Capital of the former, and the whole residue belongs to the latter. This fixed percentage is then called *Interest* and not Profits. It occurs equally, if a man finds he could advantageously employ *more* Capital than he has got; and therefore borrows of some one else. If he can get 10 per cent. profits on the increased principal with little additional trouble, he will gladly pay 5 or it may be 6 per cent. to the lender. And the lender will often prefer to get 5 per cent. without the trouble of superintending, than 10 per cent. with the trouble; especially as he might lose the whole, if he have no habits of business.

Interest in its origin is called *Usury*, and the history of it must be here briefly given. In a poor nation, debts are seldom incurred by the wealthier for the sake of increasing wealth, but only by the poor through distress. A little farmer in India has a bullock die at a critical season, and is in danger of losing his year's crop if he does not instantly replace it. So urgent is the need, that he is willing to give enormous interest; say 40 per cent. per annum, which means, 10 per cent. at the end of 3 months, at which period he hopes to repay it. A richer man is found, willing to lend; but as there is no class of wealthy money-lenders, he has few competitors in this market, and he takes whatever

high interest the other is found willing to pay.—Such a dealer is generally hated, and stigmatized as a *Usurer*, because his gains come out of other people's necessities. Yet it is clear that he is in some sense a benefactor ;—why else do they seek to him ? and he undergoes much risk, and has great trouble in recovering his debts. His average gains are probably still large, but that is the fault of those who stigmatize him. By so doing, they drive away his competitors, and confine his trade to those who are willing to defy public opinion. Thus he gains an additional payment, not only for his trouble and risk, but for the hatred which he encounters.

All this however is further modified by the introduction of Money, of which I must now speak more particularly.—Gold and Silver, by reason of their rarity, have a high exchangeable value. They are remarkably durable, gold being wholly unaffected by the atmosphere, and silver being easily shielded from it. Moreover, if the yearly produce of mines vary, still it is always small in comparison with the mass of gold and silver in the market of the whole world ; and for these articles all the world is one market : hence their current value is less liable to sudden changes*. These qualities have always made them admirable instruments of barter. The stamp put on them assures us of their purity and nearly of their weight, and saves much trouble. To

* The increased demand for gold during a great war, makes gold vary more than silver.

attain these objects, Governments in most places issue coin. Thenceforward, nearly all commercial transactions go on by means of money, and the quantity used in an early stage of progress is enormously great in comparison to the amount of commerce. For, as yet, bankers and credit do not exist. Every trader finds that, in order to make economic bargains, he ought to have a large sum of gold or silver in hand. Hence in the earliest times of history the elaborate travelling of the Greeks to the Ural Mountains, and the voyages of the Phœnicians to Spain and of the Hebrews to southern Arabia, for these much coveted metals. Gold was also accumulated in sacred treasures, partly locked in temple-coffers, partly in the form of holy vessels and decorations: but all of it *could* be turned again to service, and often *was*, in war-like necessities, and then it became diffused through the community and was not again easily parted with by the merchants.

The great premium attached to the possession of Gold and Silver, by the power it gives of selecting advantageous moments of purchasing, gradually gave rise to the trade of the *Banker*. The primitive Banker is a lender of his own money; but differs from the old *Usurer* in this respect, that he lends to the rich and seldom or never to the poor. Hence he lends with less risk, and can afford to do it on cheaper terms; and for both reasons, he avoids the popular odium which attended the Usurer. Thus wealthy and honourable men publicly pro-

fessed the Banker's trade, and their competition gave to the borrower the best terms which the state of the market made possible. Ordinarily the borrower could give *security* so good that the Banker underwent no risk. Let me put a case. A wealthy trader possesses ships and houses and masses of goods now on sale in a foreign country: and at this very moment he wants an additional £1000 to complete a very advantageous purchase. To force an instantaneous sale of his property would involve far more loss, than the transaction could bring gain; but instead of *selling*, he *pledges* some part of it to a Banker, and obtains the loan he desires. In a few months, or perhaps weeks, he repays it with interest, both parties having found their advantage in it.—As soon as such transactions can be counted on as possible, it is no longer necessary for every trader to keep so large a hoard of gold and silver. Each is able to enlarge his business, where he was before impeded solely by want of this circulating medium. Thus the transactions of the community expand in a greater ratio than its gold and silver currency.

The later Banker differs from the earlier, in two respects; *first*, that he receives deposits, and lends other people's money as well as his own. Whatever the dangers of this engine, it is evidently one of great power. But *secondly*, our system of paper money, bills, and transferences, of which I shall afterward speak, yet further amplify and facilitate commercial transactions. Moreover, all our banks stand in close relation to some London

banks, and these, again, form an organic whole with the Bank of England and the Mint.

Among ourselves a simple self-regulating process determines how much gold bullion shall be turned into the currency. Some would at any rate be coined by the Government for Government use; but if no more were coined, a great deficiency might be felt; for who shall say, that exactly what the Government happens to spend shall be enough for the public convenience? And yet how is the Government to know how much more to coin? or after coining, how is it to put the money in circulation? for it surely must not be given away for nothing.—The *principle* on which we proceed is, virtually this. Any merchant or banker who wants gold coin, buys gold of the bullionmerchant, and demands of the Mint a number of sovereigns exactly equal to the value of the pure bullion. That is, he will get 5000 sovereigns for pure gold worth £5000; or indeed for a mass of standard gold of the very same price. Thus the Mint makes a present of the workmanship, and, if required, also of the alloy. If the banker were to melt up his sovereigns, and send the mass to be recoined, he would lose nothing but the use of his money during the delay; and this is amply sufficient to hinder it.

In *practice*, however, the Mint will not coin for an individual less than £10,000's worth; and to compensate for this, the Bank of England engages to give its notes (which are immediately convertible into sovereigns) for gold bullion, at such a rate as exactly amounts to the same thing as though the

Mint were willing to coin 10 sovereigns at a time for any one. In the result, the Bank is the principal agent in setting the Mint to work; yet the Bank is operated on by the community.

When a government currency has become steady and abundant, all contracts are made in it. Thus, among ourselves, a builder engages to finish a house for the sum of 1500 sovereigns; a merchant borrows 1000 sovereigns, and engages to pay back 1050 at the year's end: and so on. Where the currency is unfairly tampered with, the good sense of men of business teaches them how to evade it. In Turkey no contracts of any magnitude, or which are to last for several years, are made in Turkish piastres, but in *dollars* (Spanish or Austrian) or in *sequins* (Venetian, Dutch, Russian). If in the interval between the making and finishing of a contract the value of the currency changes, then one party or other sustains an unfair loss. When a trader has borrowed £100, but before the time of payment comes, the government has fraudulently or forcibly issued a debased coinage; the sum which he repays is not 100 of the *same* pounds as were lent, but 100 pounds of inferior metal, which will not purchase so much. Thus every creditor is defrauded, and every debtor unfairly benefited, by a government which acts so profligately. Sad to say, nearly all governments have at one time or other so acted.—The opposite case, of a suddenly deficient currency, is one which no government can hinder; either war or commercial panic or great losses, from

famine or from unwise speculations, may cause it. I will briefly name some ancient and modern examples.

When Cæsar rebelled against his country and invaded Italy, the senate and the great mass of the aristocracy gave way before him and withdrew into Greece. As none of them knew how long they would be absent from their Italian possessions, all took with them the largest possible sum of gold and silver which they could command, and Italy was emptied of the precious metals. In consequence, even wealthy debtors were unable to pay their debts. They may have had lands, flocks and herds, houses, furniture; but none of these things would serve in payment, until turned into money; and since the bankers had been drained, they could not borrow of them to pay their old debt; and when many at once tried to sell, all property became depreciated and widespread ruin followed. Cæsar at last relieved and stopped the mischief, by enacting that creditors should accept payment, not in money, but in other property, if offered them; and that the property should be valued at the price which it fetched before the war broke out. This was an equitable and successful act of power; but it was a pity that it did not come weeks or months earlier.—A very similar tale is told by Tacitus in the reign of Tiberius. The old Roman laws had restricted lending on interest: senators especially were forbidden to become moneylenders: yet the absurdity of the law had led to its almost universal violation. Informers suddenly discovered that this might bring them a

harvest of gain; and prosecutions commenced. The Senate was alarmed; and the Emperor, able man as he was, committed the egregious error of annexing, as a condition of his decreeing impunity for the past, that all should immediately call in their debts. In so sudden a demand for an infinity of payments beyond what was usual, debtors found it impossible to get money: severe loss, and bankruptcy began to follow on an alarming scale, until the Emperor appointed commissioners to lend public money to all who could give good security; by which he palliated and checked the enormous mischief which he had caused.

In modern England similar results arise from time to time, generally through error of speculation. The most recent of these crises, but not the most violent or the most widely spread, arose from three causes at once—loss of the potato crop, with a generally defective corn harvest,—miscalculation of the supplies that might be drawn from America,—and enormous overspending in railways. To carry on the vast increase of business occasioned by the railways, a large *increase* of the currency was needed; the scarcity, and consequent high price, of provisions made the want greater still; yet at this very time vast sums of gold were sent abroad to pay for foreign food; and, the country being drained of its money, debtors were distressed exactly as in the former cases. But with us, the history of such a time is complicated by the use of Paper Money;

and the end cannot be fully explained till I come to that subject.

Let me now concisely sum up the results we have attained ;—that Private Property in movables must be recognized absolutely :—that this cannot be, without admitting a full right of unlimited consumption of what is one's own, or of parting with it on what terms one pleases :—that as the reward of Abstinence, Profit on Capital is morally right and desirable :—that where there is Profit, there is also room for interest on Loans :—that Profit and Interest must be allowed to settle themselves by the Competition of the market, whether the Profit be in the form of *hire* for the use of a thing, or a surplus gained after replacing Capital which has been in part spent on the Wages of labourers :—that Interest is as legitimate as Profit, on the very same grounds. I have also explained the vast utility of Gold and Silver in facilitating commercial transactions, the aid further given by Bankers in economizing Gold and Silver by lending it on good security, and the severe distress resulting to debtors, (and through them to a large fraction of the community,) when there is a sudden diminution in the money of a country, or a sudden demand for a greatly-increased quantity.

LECTURE III.

ON Distribution.—Relation of Profits to Distribution, and to Production.—Use and absolute necessity of *Middlemen*.—Effect of Competition on Price (especially of Food), on Wages, Profits and Interest.

USEFUL Commodities are not always Wealth. Water is most useful; but where it is abundant and at hand, it has no exchangeable value; and human population could hardly exist, unless it were everywhere extremely cheap. To the idea of Wealth (in any emphatic sense) it is essential that the articles so named should be easily marketable and should exchange for a great deal.

Hence if anywhere Nature were so profuse as to give food of herself,—as from the Breadfruit Tree growing spontaneously, such food might become as valueless as Water with us. And wherever either food or any other useful or elegant article is produced with little effort, in quantities far beyond the need or desire of the immediate neighbours, it becomes low-priced in the extreme, unless it can be sent away to those who need or desire it more. To find out *who* these are, is called,—*opening a new market*; and its tendency is, to confer a new value on the articles.

To make the objects of our natural desire available to our enjoyment, two things are needed,—

first, that they be *produced*; secondly, that they be *distributed*. The second process is as essential as the first. Wheat flourishing on the fields, or even stored in the granaries, of Podolia, Hungary, or Ohio, is as useless to a hungry Englishman as if it had never been produced, unless there be at least a prospect of its carriage hither, or of its supplying those who send away their own wheat to us. The expense of distribution may easily exceed that of production, as, I presume, must happen with the breadfruit, if eaten in Moscow, or French wine drunk in Oxford. Although it is so manifest that distribution must involve large effort and cost, and that it is quite as essential as production, nothing is commoner than an ignorant resentment against the expense of it as a sort of wickedness. If tea is bought at the London Docks wholesale at 15*d.* a pound (including duty) and sold in a country village at 4*s.* 6*d.* a pound, the fact is looked on as something monstrous and preternatural, and leads to all sorts of outcries against the villainy of "middlemen;" as if the tea could be expected to walk of itself from the docks, and find out by instinct which cottage in England was waiting to receive it;—could then and there receive the needful 15*d.* and convey it back to the merchant at the docks.

In a barbarous state, Distribution is either enormously expensive or often impossible. Commerce is perpetually facilitating and cheapening it, nor are we at all at the end of the cheapening process. By

all means let those who can buy wholesale, and otherwise lessen the present expenses of distribution, do so: but let them not utter invectives against middlemen and against commerce, when, but for these, the articles would never have been had at all, or rarely and by few. This fanaticism, however, needs to be explained.

Intelligence is that which facilitates both Production and Distribution. He who by greater intelligence produces a useful article more easily and more rapidly than others, naturally grows rich. Though this is a reward obviously deserved, it often attracts Envy and even Rancour against him; as in the case of one who invents an ingenious machine for abridging labour.—The same intelligence enables a merchant to distribute goods judiciously. He finds out where certain things abound, and are therefore little valued; and where, on the contrary, they are deficient, and will be bought gladly at a high price. He thereupon buys them in the cheapest market and sells them in the dearest; is a benefactor in both places, and makes a large profit by the transaction. His intelligence was as essential to the proper distribution, as in the former case to their creation; and the more singular his intelligence, the larger his gains are likely to be. But these gains are envied by the half-educated, still more than in the former case; and an effort at philosophical thought often stigmatizes him as an unfair dealer. It is said: "To buy cheap and sell dear is a fraud." The goods are to the eye un-

altered and unimproved by the process they have undergone from the merchant; what right, then, has he to enhance their price? If, indeed, they are heavy, even a rude intellect perceives that it is fair to add to them the expense of carriage. None expect to buy coals that have been conveyed 100 miles, as cheap as at the pit's mouth; but in the case of light goods even this is forgotten. Moreover, it is notorious that the merchant sells for whatever price he can get, and often has two prices for different buyers: and this is apt to give an idea of his trade being a grasping, if not a dishonest one.—Thus the trader, who is the great civilizer and uniter of mankind, is constantly envied and hated by those whom he benefits. So Tyre was hated by the Hebrews, Carthage by the Romans, Holland by all the surrounding barons and potentates, England by Napoleon, and, even now, the trading population of England by too large a fraction of our own people.

Undoubtedly, commercial Companies or States, after rising to wealth and power, are prone to establish monopolies by force or fraud, in order to hinder others from underselling them. When they do this, they become unjust: but it is not their *trade*, it is the military or naval force by which they repress the trade of others, which is unjust. To treat a market as exclusively their own, is to forget the rights of their customers, as well as of their rivals.

The doctrine that a trader “ought to add to the

price of his goods only the expense of carriage," is plausible to those only who do not know the difficulty or impossibility of even *interpreting* it. Suppose a merchant to import corn from the Mississippi, from Spain and from Odessa, to London: it has cost different nominal prices, and in a different currency; it has been actually paid for by cargoes of different sorts of goods; the carriage has cost different sums; it has been warehoused for different periods, and the merchant has been kept out of pocket by it for different lengths of time. The Odessa wheat may have been paid for in broadcloth, crockery, and hardware; the Spanish in cotton, guns and sugar; the American in haberdashery, saddlery, silk manufactures, books and jewellery. Now, if by an elaborate calculation the merchant were to convince himself that it was just to ask for the three sorts of wheat 63*s.* 54*s.* and 42*s.* a quarter, when he brought them into the market, (the quality of all being alike,) how could he possibly prevail on his customers to buy the higher-priced sacks at all? or what would *then* be said of his honesty, to charge differently for articles of the same intrinsic value? It surely is manifest, that, if he is to carry on his trade at all, he must strike some sort of *average*. Moreover, is he to charge nothing for his own trouble and risk? Is he alone to live without wages or salary? or how is he to settle whether to allow himself £100 a year or £5000? and will any consumer wish him to be absolute arbiter of such a question?

Nor is this all: but two different merchants cannot at once sell the same article in the same market at prices sensibly and notoriously different; hence the average is to be struck, not from the dealings of each merchant, but of all. Yet none can know the expenses which another has incurred, or the facilities which he has enjoyed. To determine a price by such considerations is evidently an impracticable theory and a mere conceit. Each finds out the cost which another has incurred, in no other way but by the price he is willing to accept: and no *one* dealer is able to make a price: it is made for him by the general striving of the market. Those who say that different dealers should sell at different prices according to their own view of their expenses, are either absurd, or are really desirous of impeding or abolishing *all* buying and selling.

Thus the doctrine that the goods in any market ought to be sold at the price they cost, increased only by the price of carriage, is inapplicable; *first*, because they have cost different prices, while it is an infinite problem to settle what prices, and a problem as to which the customer could never satisfy himself. But, *next*, it is also a complex question,—what is to be understood by “the expense of carriage”? If the housekeeper of a nobleman resident in a Welsh baronial castle writes to a London broker, enclosing a draft for money, and requests him to buy a chest of tea in the docks, and send it straight to Wales; the increased price will be simply a small charge for the broker’s

trouble, and the carriage (we will suppose) by Pickford's vans. But how different the case is, if a merchant, without receiving any order or any previous payment, buys quantities of tea and sends them into different parts of the country for the chance of their being sold? He risks his money, he regains it at length only slowly and with various losses. Teas sent to some places have not sold: elsewhere some has been damaged or wasted by accident, much by exposure to air; bad debts have here and there been incurred: all these things have to be allowed for in the price. Finally, it may be that a poor woman by the side of the baronial castle buys a quarter of a pound of tea, and pays for it at the rate of 4*s.* 6*d.*, though the nobleman close by is drinking it at 3*s.* 9*d.* This is pointed to as a hardship and an iniquity! Truly, if the poor will and can combine to give an order to the wholesale merchant and pay beforehand, they also will get the article cheaper; and by all means let them try to do so: but if, when they try, their union fails from want of the moral qualities essential to its success, it is a slanderous injustice, and a sort of insanity, to declaim against the shopkeepers who "take profit" out of the article. If the purchaser will not or cannot advance the price, he has no right to expect it as cheap as those who do.—We thus see that the "expense of carriage" to be added to an article, is not dependent only on the road-charges, but on delay, waste, and other circumstances. If the trader advances and risks the money even for

the carriage, and has no personal trouble worth naming, he still needs a higher payment; much more when he advances and risks the original cost also. These are the real causes of the enhanced price.

Those who declaim against *middlemen* would soon wish for them, if they were taken away. At present in the towns of Turkey may be felt the inconvenience of their absence. An upholsterer, for instance, (though he is not a merchant, but a manufacturer,) is equally a middleman, who employs wealth in setting men to work in constructing household furniture, and keeps in his shop a stock ready-made for the choice of buyers. Of course he charges more to the customer than he has paid to the workmen,—for the reasons I have named—advance and risk, besides personal trouble. If in a Syrian town where there are no upholsterers I want to furnish a sofa for my drawing-room, I have the following process to go through. I must stroll to one of the gates of the town and watch for the entrance of some countryman who may perhaps possess sheep; and after accosting many of them, I at last find one who has on his hands wool unsold. A bargain is made, and after some days the man deposits the wool at my house. We will suppose that I find it all to be good and suitable. I have then to hire some men, who take the wool to wash and clean, after which they restore it to me. Meanwhile I have been to some Frank merchant's store to buy English cottons, or it may be silk, as a sofa

covering, with all the other materials needed, down to needles and thread: after which I engage some more men to come to my house and there work up my cushions, hassocks, and all their apparatus: and thus at last the article is finished. Unless my time is worthless to me, I gladly pay a substitute for taking off my hands whatever trouble *can* be taken off: and he is in fact to me a new middleman, less efficient and more expensive than if it had been his profession. The workmen, on the other hand, it may be thought, will get a higher rate of wages than they would have from an upholsterer: but even this is a delusion; for that system keeps a nation poor, and thereby depresses wages: nor can employment ever be so steady, if every one has to run about for workmen, instead of delegating this to definite persons.

The multiplication of intermediate agents has manifestly risen out of mutual convenience, and indicates a step onward in the development of industry. There may be new inventions beyond, which will supersede our present system: no one pretends otherwise. But to declaim against middlemen as such, deserves no other title than fanaticism. Moreover, to imagine that workmen could screw up wages by always dealing with the ultimate consumer, is ridiculous. But this deserves closer examination.

First, in regard to the materials of goods, it is generally physically impossible to deal with the original producers. In regard to foreign produc-

tions, this is transparent. The silver, the ivory, the cotton, the mahogany, the tortoiseshell, must be bought by me of a middleman, or I can never have any of them.—But suppose I want a leather portmanteau: how, without destroying the Division of Labour, and going back into savagery, could I order such a thing of the original workman? or who is the original? is it the cowkeeper, who fed the ox? or the butcher, who killed it? or the man who planted the oak, whence came the tannin for curing the hide? or the tanner that cured it? Then there is cotton lining and pasteboard, and a brass lock and iron buckles. Am I to deal with the producers of all these? If he who calls himself the workman of the portmanteau buys all these materials in the market, he is to me a middleman, and in fact he has to deal with other middlemen.

In the progress of modern industry, the cheap supply of materials is one of the most amazing results, and eminently important to the poor; but without a vast and various system of Capital and Profits, it could not have been. Consider the abundance and cheapness of *iron* in England, whence the excellence of tools and the efficiency of labour. The poorest peasant can afford an iron spade and pickaxe: the meanest carpenter has a profusion of instruments which in the middle ages would have made him envied. And whence this cheapness? From the enormous capital invested in mines. Had not wealthy men and companies constructed vast works, powerful machines and

furnaces, and maintained armies of miners,—the iron ore would still be deep in the bowels of the earth, or, when by accident cast up, be neglected as a useless stone. These wealthy miners are *middlemen*. Without Profits their Capital would not and could not have achieved these industrial wonders: and without their Capital and energy, what could the working miner have done? He would have been drowned or starved long before he could reach the ore. Thus, even in regard to our native materials, iron, coal, leather, it is impossible for the first workmen to deal with the ultimate consumer.

Waiving this objection (decisive as it really is) I admit, that when I had a positive and conscious want, I might in many cases deal with workmen directly: and when I went to look for the workmen, (which would only be when I suffered inconvenience,) they might in special cases get higher wages from me than professional employers now give them. But things bespoke by the consumer, are by far the smallest fraction of things in the market. A workman, when unemployed, does not willingly remain idle. A cabinet-maker (if he has materials) makes boxes, elegant tables, and other furniture; after which (we will suppose) he exposes them in a stall, or hawks lighter articles in the streets. But still selling too few, he is in danger of labouring for nothing, and begins to be idle and desponding. A wealthy man steps forward, and offers to buy his whole lot,—being aware that by transporting it across the sea he can sell it with

advantage. The cabinet-maker gladly accepts the offer; clears his stall, fills his purse, and sets to work again actively.—What, now, would this honest workman feel, if some one, assuming the air of a religious teacher, forbade the intending merchant to gain any profit by the sale, and the merchant bowed humble assent? Could the joiner be blind to the fact, that this was to deprive him in future of the advantage he had just received? If hereafter the merchant repeated his purchase, it would be as an act of charity, no longer as a transaction of the market: but the joiner does not wish to live on alms; he wishes to earn an independent livelihood. Surely he would say, that this doctrine of forbidding Profits is a most cruel one to the labouring man, whose work it renders valueless, by forbidding its efficient distribution. Unless to his trade of cabinet-making he can add that of a merchant, or he can find benevolent persons to buy for the pleasure of aiding him, it is useless for him to go on producing. In this case, no one could blame him morally, if he chose to *hire* a merchant:—that is, to entrust his stock to one who would try to sell it abroad, and would be paid a commission for his trouble. But the difference from the former case is all to the joiner's disadvantage. He now himself takes the risk of sale or no sale, besides other losses; and he is kept out of his money for months or years; he has to judge for himself whither to send his goods, and perhaps miscalculates. If he has to send an agent specially for himself, the

expense will be ruinous: if by good luck he finds a person who is going on other business, it may still easily happen that his commission equals what the merchant's profit would have been.—The existing system leaves this method open to the working man, whenever he thinks fit to adopt it; but also permits his throwing his entire risk on a wealthier person, with the advantage of receiving immediate payment and making none. These most critical advantages the pretended friends of the Poor would refuse them, by their crusade against Profits; would restrict their right of selling the fruit of their labour, and imagine hereby to make it more valuable.

Undoubtedly the immediate object of each mercantile transaction to every man is a personal advantage or convenience;—whether in buying food or jewels, in selling cattle or cotton, or watches or books. This is not only no fault, but is essential to our independence and dignity. What I just now said of the joiner, may be repeated of us all. We wish to be remunerated for doing and supplying what others value; not, to be supported by their benevolence. No doubt, even in marketing, room is left for liberality; yet liberality is not, cannot, and ought not to be, the main and moving principle. *One's own interest* is the main and rightful one, of which we ought not to let sentimental moralists make us ashamed.—Now the grand and noble moral theorem expounded by Political Economy, (and which, in fact, I have had especially in

view from the beginning of this lecture,) is, that the Laws of the Market which individual interest generates, are precisely those which tend best to the universal benefit. Hitherto I have been showing how necessary Mercantile Profits are to the Distribution of what is produced, and Profits on Manufacturers' Capital to Production. I shall proceed to show what is the result of COMPETITION on the general market: and, first, in regard to the Price of necessary things, especially Food.

If a ship at sea is long becalmed, and provisions alarmingly decrease, it becomes the duty of the captain to husband the store by enforcing a limited allowance. It would not be philanthropy to insist on feeding as plentifully at such a time, as when there was abundance. When a nation has had several deficient harvests together, when the old stores are spent, when efforts to bring in food from abroad fail, and there is not enough to last till the next harvest at the ordinary rate of consumption, it is evidently to be wished that the rate of consumption should be checked. But how is that to be done, by any organization less severe than that of an absolute despotism which enters every family, pries into every larder; and which is strong enough to exercise, when it pleases, a grinding tyranny over social as well as public life? The desired end is effected *by the competition in the market*. For example: when corn and flour are scarcer than usual, the large buyers are the more anxious to effect their purchases, and they raise the price by

their eager bidding. And they are made willing to give more, because they foresee a scarcity which will ultimately make the consumer willing to give them more, rather than go without it. For the same reason the millers and bakers, in purchasing their stocks, are willing to pay higher than usual, and cannot get it without. Thus, ultimately, it becomes higher in the baker's shop. To avoid the high price, the consumers try to make up by other kinds of food; but unless these are more than usually plentiful, the effect is to raise the price of these also, while that of corn does not rise quite so high as else it might. High prices check consumption, and thus enable the stock of food to last longer than it otherwise would. For, the price rises to whatever height is essential to effect the object; if indeed the case is not so bad that starvation is inevitable. For the holders of the food will not part with it while they see a prospect of its presently becoming dearer,—that is, of an increased deficiency: there is, therefore, no limit to the possible rise of price, except in the inability of purchasers to pay; and the moment that inability begins to manifest itself, consumption begins to be checked.

Nor is this all: but the High Price also stimulates merchants to use every exertion to obtain supplies from abroad, by which the want will be alleviated. If, on the contrary, by a weak and foolish philanthropy the rich in time of famine were to contribute money in order to enable the poor to eat as much as before, (which is as wise as to decree

that men shall eat six loaves, where there are only five,) the effect would be to force the prices up higher than the level they else would reach, and increase the distress very rapidly.

Further, if a despotic government could have power to forbid any rise of price in time of scarcity, (which many persons are thoughtless enough—I might say, infatuated enough—to desire,) not only would consumption go on unchecked, but no stimulus would be given to force supplies from abroad; so that absolute starvation must at length result. The high price enables the food to be brought *from greater distances* than the ordinary price would remunerate, and allows unusual expenses to be incurred by the importers in many other ways.

When there is no scarcity, a rich man may possibly do good by giving money to the half-fed, and so enabling them to feed themselves fully: but in time of actual famine the only way to do good is by increasing or economizing the stock of food;—to be more severe against waste in one's household, to turn into solid food what previously was ornament or luxury, and in extreme cases to lessen one's own diet in order to give away to the starving.—Happily, however, our commerce is so wide and active, that if prices do but rise soon enough, a sufficiency of food will be poured in for almost any imaginable want. Yet such times are, at best, very impoverishing to tens of thousands.

You will now be able to understand a remark in

the preceding lecture, that even in scarcity approaching to famine it is a most doubtful policy for the Government to interfere. If, indeed, there are bad laws which ordinarily forbid the introduction of food, it may be essential to suspend them; yet that suspension will always be a cruel injury to innocent classes of men: a true Economy therefore forbids such laws entirely. Suppose none such to exist, and then ask: What can the Government do in the way of procuring or distributing food, that will not be better done by the merchants? The case must be truly extraordinary, and implying a radically unsound social system, in which the distress will not be better relieved, if the market is left in the merchants' hands.

A severe test of this principle was offered a few years back, when the potato crop had failed in Ireland, and the harvest was bad, both in England and in nearly all Europe. About eleven millions sterling was sent from Great Britain as a charitable gift to Ireland. To such a gift from a richer to a poorer country, Political Economy can no more *object* than to any act of charity from a richer to a poorer individual. Our science, indeed, easily predicted the extreme difficulty of securing that a large part of the grant should not be grasped by those who were in no pressing want, and of hindering the poor who received it from depending thenceforward on public relief. But these topics I now pass by. I do not now ask, Was it right for England to give *money* to the Irish? but, Was it expedient for the

Government either to take under its own controul the existing stores of food? or to act the merchant, by buying fresh supplies from abroad and selling or distributing them by its own officers? Now let us not forget that there *are* political conditions, in which an overruling despotism has so supplanted individual energy that the Government is the only energetic merchant: in such case the Government must have public granaries, no doubt. But the mercantile energy of such a government is feebleness, compared to that of a people free to hold and use property; and in our own recent experience the very moderate interference of our Government did harm, I believe, by damping mercantile zeal. Namely, the Queen's ships were employed to bring stores of food to various parts of Ireland: but as no merchant, who has to pay for his ship and sailors, can compete in price with a trader who does not pay for these things, the merchants were at once paralyzed. Where a Queen's ship carried food, no one else could afford to carry it; hence, unless the Government vessels had been so abundant as more than to supply the whole mercantile navy which they superseded, such interference really diminished the actual importations of food.

It is easier to cavil against the mode by which food distributes itself in trade, than practically to improve it. I call it "cavilling," when people reproach Political Economy with existing distress, and say: "See! the higgling of the market does *not* send food to the right mouths." Nobody pre-

tends that Free Trade or Competition or anything that the wisest Economist can suggest, will remove all human evils. It will neither turn Famine into Plenty, nor Slavery into Freedom ; nor can it neutralize personal Vice or Imprudence, nor the various calamities of life, nor unjust Political Institutions. To prevent Misery, *all* parts of the Social System must be in perfection, and not the Market only. Our question, however, is, whether Freedom of Trade, with the Competition essential to it, does, *on the whole* and *to the majority*, economize food and promote its adequate production and desirable diffusion, better than any arbitrary interference with private property. In fact, whatever dishonest outcries may be made by one class of persons, whatever the exaggerated fancies of another class, and whatever the real injustices of our social state, our nation suffers far more from CARE and FEAR of want than from want itself. Not free trade, but an artificial cramping of it, has often half starved our working men. If in very bad years general distress be still endured, be it remembered that whole tribes of savages sometimes die of sheer starvation, or are dispersed and wholly lost by its violence : and in the ruder times of Commerce, famines are immeasurably more severe than is ever now experienced. But man's chief sufferings are mental. The physical pain of starvation is far less than that of hundreds of diseases by which men die without exciting public horror ; and a savage bears to perish by want of food with a quiet apathy unknown

to civilized men. We must not allow ourselves to be deluded into the belief that the difficulty of avoiding this shocking result has increased, because we are so much *more* shocked at its occurrence when it does occur. The reason we are shocked, is, because we never believe it was *unavoidable*; and this is because both the supply and the distribution of food has so wonderfully improved, with the increasing security of private property and steadiness of traffic.

I have thus shown how Competition usefully raises the price of food, when it is desirable to check consumption and give a bonus to importation. I must add, that when the merchants err in their calculations, (as all men must sometimes err,) they are punished so severely for it, that it is far safer for the community to trust *their* tact and good sense, than that of Government officers who cannot lose by their own blunders. If a merchant improperly refuses to sell, because he overestimates the scarcity, and expects a still higher price, the price necessarily balks him and he sells for less than he might have got: and the larger the number that commit this error, the severer the loss to them; for the needlessly high price to which they strain up the market, checks consumption more than is needed, (or turns it on to some *other* article of food which they do not hold,) so that an unexpected plenty is soon manifested, which makes the prices drop suddenly, perhaps to the ruin of many of them.

But I now proceed to the kindred subjects,—how Competition acts in the matter of Wages, Profits, and Interest,—whether for good or for evil; and in all it will appear to be good.—Let me first observe, that free Competition implies a right in either Labourers or Capitalists to *combine*; and though this right may be ill used, it is a liberty which cannot be destroyed without greater mischief. When workmen *strike* (as it is called) for higher Wages, they too often terrify their fellows who refuse to join the strike, and dreadful crimes rise out of this. Such evils have nothing to do with the laws of Economy. We must presume that all who unite unite willingly, and then we cannot deny its lawfulness, even when we discern that it is done at a foolish time and with embittering consequences. To strike for higher wages than the Capitalist can afford, is to do what the Latins would call “milking a hegoat;” and as the men can seldom tell *what can* be afforded, it is most absurd to commit themselves unconditionally to the demand of a specific rate of wage, and leave themselves no room for retracting. If then they have, through ignorance, set their demand too high, the Capitalist has no choice but to stop his works entirely or to bring in new labourers from a distance, with much loss and damage. Thus nearly all strikes turn to the hurt of the individuals who make them: yet the *dread* of such an outbreak acts powerfully on those Capitalists who are not moved by higher motives; and, in the long run, the legal ability thus to combine

seems to be necessary to the workman, wherever the fewness of capitalists in a trade would facilitate their private combinations.

But it is a strange absurdity to treat all lowering of wages as an injustice. As a simple test of this matter, let us suppose a horde of starving men landed suddenly on our coasts; we may then choose out of the following modes of conduct: (1) If by chance we have Capital lying unused, and we can use it profitably by employing them, this is the best way. But if there be *not* much Capital in reserve, this mode is inadequate. (2) By retrenching luxuries and personal enjoyment and waste, we may possibly scrape together the means of feeding them. This is also good, but not always practicable. (3) We may let them starve. (4) We may spend on them part of the Capital which we before spent on other workmen.—The two first methods will not always be possible. Those who disapprove the 3rd are then absurd in objecting to the 4th.—We conclude that the 4th is then a *humane* proceeding. But in using it, we may either support the new labourers in idleness, or employ them in our service; and surely, both morally and economically, it is better to use their labour than feed them for nothing. In this case, they appear in the market as competing for work against the old labourers, generally to their vexation, often to their loss. To have a million hungry persons landed on our coasts would undoubtedly be an embarrassment, and would cause many of us to be worse fed; but if it would

be a benevolent thing for the mass of the eaters to lessen their food and comforts in order to succour the strangers, then the principle of Competition acts benevolently in bringing about precisely that result. The depression of Wages which the labourer then has to bear, is a sharing of the advantages conferred by Capital, between him and the new comers. And the only relief for the labourer (unless his rivals are to be killed or banished) lies in an increase of Capital, which alone gives power to hire.

Sometimes this is possible. The Irish Immigrants into America are often feared as disorderly citizens, but they are valued as labourers. They work at ruder and more slavish toil than native Americans like, and for lower wages. In consequence, many persons who would else have wasted property in immediate enjoyment, because the high native wages absorbed all profit, save more and consume less; thus producing a new capital which they can use profitably on the Irish labourer. When this happens, they take nothing from the native workman, and they add to the capital of the country.

Perhaps the case of Irish harvest-men in our northern counties is not dissimilar. A very sudden, large, unprecedented influx, no doubt, would have been distressing to all parties; but growing gradually so that it could be counted on, it enabled farmers to undertake cultivation which else might have been very hazardous or impracticable; namely, if the crops were damaged or lost from want of

hands to gather in the harvest speedily. Indeed it is probable enough that, after the recent enormous emigration from Ireland, our northern farmers may find serious embarrassment from the loss of the Irish; and unless some equally cheap labour be discovered, or science step in to help, the English peasant might find himself the worse off from a diminished cultivation.

And this leads me to remark, that it is as absurd in principle to object to the influx of Irish labourers, as, to the introduction of new labouring cattle. If hitherto the plough were dragged by the toil of men, a farmer who imported plough-horses would incur the spite of the ignorant. Yet to grudge food to one who is a frugal eater and a most efficient producer of food, is surely a mistake. The really formidable thing would be the importing 100,000 cavalry horses and setting 100,000 young peasants to ride on them. These men and horses eating much and producing nothing would tend to bring famine on the land; but not the economic Irishman who earns by hard work his moderate fare.

Hitherto, I have supposed some sudden increase in the number of labourers. But imagine the contrary case,—a sudden decrease of the capital of a nation, as when an enemy has wasted the land. If a law then forbade the rate of wages to be lowered, either one part of the wage-supported population must starve, or all must have half work and be idle half their time. No better result than the latter is possible from such a law; for employers *cannot*

spend on labourers more than they have got.—But this forced idleness would be a mischief alike to employers and ultimately to the labourers. To the employers, because the cheapness of labour which the Competition of labourers in such a position would naturally bring about would be the best aid to the impoverished capitalist: to the labourers, because a rapid increase of capital, in order to replace what has been destroyed, is their only hope of recovery. Thus here also the Competition is good, the temporary lowering of the Wages is good for all parties, and the legal minimum does nothing but mischief. For the labourers will of themselves abate Competition, when the wages are near the limit at which a man cannot feed himself enough to keep up his full strength.

In regard to the *rate* of Wages, CUSTOM has great influence. In counties where it has been customary to lower them considerably when bread is cheap and raise them a little when bread is dear, the peasants acquiesce in this with wonderful cheerfulness, though it is always to their disadvantage, and is treating them like slaves or cattle. On the other hand, where the workmen are accustomed to combine and know their own strength, employers rarely and timidly propose to lower the customary *rate* of wages; hence in times of general depression the workman is apt to be only half employed, and thus earns less, though the rate may be the same. And this, as I have just said, is worse, both for his employers and for himself, than an elastic rate which

rapidly adjusts itself to the real state of the market. Loud as is the outcry in many quarters against "grasping capitalists," the ostensible facts generally seem to me to denote that it is the workmen who are unreasonable. (Observe, I am not saying that the men are not in an undesirable position: I think they are: and I strongly deprecate the hand-and-mouth system.) But I was going to say,—if a London journal finds its circulation to be decaying, and its attempts to arrest this alarming symptom fail, it perhaps at last proposes to the printers to work for lower wages. But such a proposal is met by a burst of indignation. The printers write letters of complaint in those newspapers which welcome all attacks on Capitalists. Some one computes that the saving of £2000 a year is to be screwed out of the printers' wages, and expresses his extreme disgust that any firm that desires to be thought respectable should thus invade the earnings of honest workmen.

What more could men say, if the Capitalist had entered into a contract to pay them the old rate of wages for ever? And what means have they of knowing that he is not forced to choose between lowering their wages and closing his works entirely? If they are so indignant at his proposing a lower wage, what will they say to their being entirely dismissed in mass? If that will be no hardship, they have their remedy; accept that alternative now, and be contented. Yet those of them who do thus refuse work, are only the louder in clamour against

the *injustice* of a master for not continuing to employ them at a rate of payment, which (for anything they can know) may be to him a positive and ruinous loss.

A few words on Profits and Interest. The Competition of Capitalists depresses Profits, to the benefit of the labourer, far more actively than Competition can ever depress Wages: for the Competition of Capital has no limit and no scruples. No one likes to pay Wages so small as apparently are insufficient to sustain healthy life: but as to Profits,—whether they shall be 20 per cent. or 1 per cent. there is no delicacy at all. The rate is always beaten down without mercy to whatever the market may suggest; and when Profits are very low, Interest on money almost vanishes, risk alone being allowed for in lending. The gross Profits of any trade or business being divided between Profits and Wages, whatever tends to lower Profits, tends (if other things be the same) to raise Wages, and conversely. Now abundance of Capital, (if it be but used, and not locked up, as some kinds of Capital may be,) tends to *both* results at once and directly. If, however, it be accompanied by improved methods and increased efficiency of labour, these may sustain awhile the rate of Profits in spite of the increased wages. But since increased and cheaper production ere long lowers Prices, the Profits must ultimately fall. In fact the course of things for some time back with us has been exactly this in the manufacturing towns. The labourer gets a larger

and larger share of the whole thing produced, which share is exchangeable for a larger and larger quantity of other things useful and necessary, with exceptions which I shall hereafter note *. Meanwhile the rate of Profits keeps falling every fifty years, and with it the rate of Interest; so that larger Capital becomes necessary to those who wish to live solely on Profits, and larger still to those who expect to live on Interest alone with the permission of total idleness. In this whole progress we surely see that the entire tendency is to the benefit of the labourer. Capital has increased more rapidly than anything else; therefore Wages (in the neighbourhood of and in contact with the Capital) have risen, and Profits and Interest have fallen. If, notwithstanding this, large masses of our population are not the better off, the cause is not to be sought in these great laws of ECONOMY which turn upon Competition, but in Moral, Political, and other Social evils or defects, on which I shall afterwards touch.

In the present lecture I have spoken of Labourers, Employers and receivers of Interest as though Wages, Profits and Interest could not be received all three or any two of them by the same person, and as though no one could pass from one class to the other. Even if this were the case, the laws rising out of Competition would be beneficial to the whole of each class. But in fact I hold it to be alike undesirable and unnecessary that a man's

* I peculiarly refer to Land, Food, Air and Water, which are apt to be dear among us.

receipts should all be of one kind. Every very rich man thinks it a precept of prudence to vest his fortune in different forms of value: to have it partly in land, partly in houses, partly in government-securities, partly in mines, partly in railways, and so on. Now this is universally applicable. In a healthy state, every common labourer ought to accumulate property, and to become a little Capitalist: and I believe that with a higher morality and more good-will, no country in Europe offers so great facilities as England for thus blending and interfusing the elements of our national Economy. To such interfusion our Science most clearly points; and in proportion as this result is attained, the ignorant outcry against Competition and Profits will die away.

LECTURE IV.

§ 1. LAWS OF PRICE.

HITHERTO I have stated in general that Competition equalizes Price beneficially; but I must now go into fuller details on this very important subject.

There are two opposite and extreme positions between which all cases of Price must lie: they are, Fancy Prices, and Trade Prices.—Fancy Prices are set by the Buyer, Trade Prices by the Seller; Fancy Prices have to do with things very limited in number, Trade Prices with those which can be increased indefinitely at pleasure. Fancy Prices are not spoken of except in regard to things needless: in the case of things necessary when Deficiency forces up the prices, we call them rather Famine or Scarcity Prices.

Examples of Fancy Prices are in Opera Tickets, Fine Horses, and Diamonds. A Jenny Lind or a Catalani cannot be manufactured at pleasure, neither is it essential to any one to hear her sing. Hence it rests with the public to say how much they are willing to give to hear her. If she pleases their taste and they are rich, the price may run up to any height, for it cannot be reduced by competition. If she does not please, the cost of her education

will never enable her to raise the price.—So, too, a Diamond or a Tulip or an Old Vellum MS. is sold, not for its cost, nor so as to cover average cost, but for whatever sum rich and tasteful customers can be induced to give.

The most striking instances of Trade Prices are found in things which people will have, whatever the price: for it might have been thought that the sellers could then get advantage. Yet if no increase of demand can sensibly increase the cost of supply, any unusually high profit would lead the sellers to desire to sell more. To effect this, each would a little lower the price while increasing the quantity; the oversupply would soon thwart their efforts, unless an increase of consumption followed. If this happened, they would be stimulated again to lower the price a little, in hope of selling a still greater quantity. Whether at last they gorged the market or whether not, the process of lowering the price would be continued until the article was not more gainful to the sellers than other articles, but only just as much; which is what we mean by Trade Price.

The question now arises,—If an article can be produced in any amount required, is it possible that its permanent Trade Price should be either below or above the Cost of its production?

In reply, we seem at first able to say positively that “it cannot be permanently sold *below* its cost;” for surely the sellers would decline the sale,

since, sooner or later, they would discover their loss. A closer examination shows that we have no adequate definition of what is *meant* by its Cost, which can justify this general proposition, unless it mean merely that "no one will permanently sell at a price *lower than it answers him* to sell at." Certainly he will not go on paying as much for it as he sells it for, and so losing his trouble. But short of this, it is impossible to define how cheap he may sell. A French prisoner of war may carve bone figures, and sell them for an inappreciable sum, as long as he gives nothing for the bone, or for his knife, or for the dye which stains them : but if he has to buy materials or tools, these form a limit to the cheapness of his sale. A man who has to feed himself must live somehow ; but he need not live by one particular article : and where his odd scraps of time suffice for work, he may appreciate his labour at a mere trifle. Just so the Welsh girl sells the worsted stockings she has knitted, at almost any price that exceeds her actual expenses. So, too, when capital is needed ; owing to the difficulty of finding investments, the man who counts on getting 7 or 10 per cent. for the bulk of his capital will use some of his money to get 1 or 2 per cent. rather than leave it idle : and this *might* recur every year, and be really permanent. Our proposition, therefore, is deceptive, in having less meaning than appears ; and it is safer to express it by saying, "Nothing can be permanently sold at so small a

sum as it cost the seller, *in the same market.*" The necessity of the last words will afterwards appear, when Foreign Trade is spoken of.

On the other hand, when we ask whether the permanent price can ever exceed the cost of production, all that can be meant, is,—“whether an article may permanently be sold for a *higher* sum than the seller would insist on getting while other prices in the market remain.” Of course this *may* happen, when there is a permanent deficiency of supply, whether by artificial or natural monopoly; in other cases the question is really a very complicated one. For the cost of production is different to different men. Those who have peculiar natural or artificial facilities may permanently get a price which gives them extraordinary gains; but if others, who try to rival them, produce at a greater cost, the price suffers only a partial fall.

Suppose a person to know a secret process for cheaply producing Lawyer's Parchment or Window Glass. Both things being almost necessary, and never so expensive as to be unattainable, price is not thought of by the buyer. The worst manufacturer might be so discouraged by very low profits, as to leave off producing: consequently the best manufacturer is apt to get a price permanently higher than that which would adequately remunerate *his* cost of production. Thus it appears that when the superior producers produce too little to satisfy the market, the Trade Price is settled by the *greatest cost of production.*

This is true in a fully-developed commercial system, where all the agents of production follow freely and rapidly their economic attractions; and is therefore regarded by the Ricardo school as a cardinal and universal theorem: but when I approach the subject of Rent, I shall have occasion to question the propriety of applying it so absolutely as they do, in a sphere where the powers of a landlord interfere with economic forces.

But though the permanent average Trade Price turns principally on the cost of production, yet at each particular time, opposite forces in the Buyer and in the Seller combine to fix the Price. On the one side, *great desire and great ability* of the buyer tend to force the price up, but a belief that *he can get the article in some other market cheaper* tends to press it down. On the part of the seller, the price is sustained by *a belief that he can sell to advantage in some other market*,—by the fact that the article has *already cost him* such or such a sum,—and finally, by *his own desire to use it* for himself. Thus three forces on each side combine, and according to the nature of the thing, the one or the other force is superior.

Nor is this the whole complication; for the desire and the ability of the buyer, which are principal causes that aid to fix the price, themselves vary with the price. A lady enters a shop, intending to buy some ornament of dress, but finds it to be dearer than she thought. She does desire it, but not much,—not at that price; she is able to pur-

chase it, but is now made unwilling.—Or on the other hand, a poor woman wishes to buy some tea. If she could get it at 3*d.* an ounce she would be able to afford herself some; but as it is 6*d.* she is obliged to go without it. She is willing, but unable to buy.

You will thus see how essential it is, to have regard to the greater or less *necessity* of articles, and to the *expansiveness of desire*, as a principal clue to their variations of price. Food is of all marketable things the most necessary; hence its price runs up most rapidly of all things, on any small deficiency, or even at the fear of one. On the other hand, in a really well fed people there is scarcely any increase of desire for it caused by an increased plenty: hence if no foreign market be open, a considerable fall in price may be caused by a small average excess. For all food is at least expensive to keep, besides loss of the interest or profits of its estimated value; and many kinds cannot be kept at all.

To illustrate this, suppose corn to be deficient in the English market by only 5 per cent. of the average quantity: its price *might*, nevertheless, rise 20 per cent. above the average; and the richer the people, the higher it will rise. For every one tries to get as much as before, though all cannot; hence the price keeps rising, until consumption is checked by it, or until the high price attracts *fresh* supplies which prevent it rising higher still, or possibly make it fall somewhat. Contrariwise, in 1835 and 1836,

when corn was excessive in England, owing to four good harvests together, when it could not be exported for sale on the Continent, because our corn-laws artificially kept our prices greatly above the continental average, a moderate excess (say of 10 per cent.) may have made the price fall 25 per cent. below the average. As to the expense of keeping food, you will remember that corn is apt to get mouldy or be eaten by vermin; and that the expense of warehousing is not inconsiderable. Say that these two together are a loss of 5 per cent.: then if a merchant would count it a loss of another 5 per cent. to have his property locked away from him for a year, he would as willingly sell the corn this day for £100, as this day year for £110.—Next, as to butcher's meat: it will not keep many days, and the live cattle are very expensive in food and tending; hence an excess of cattle above the average would depress the price still more deeply, unless it were possible to salt the meat for future use or for a distant market. In Australia they boil up whole sheep for tallow. In the prairies of America, bisons are killed by hundreds for their tongues only, and the carcass is left to putrefy on the soil. These are extreme cases, and morally rather painful. The latter seems an abuse of man's power over brute life, and an abuse which will in the end be impoverishing. But they illustrate how worthless food becomes, when decidedly in excess.

In the Anti-Corn Law contest the principle was first developed by Colonel Torrens and Colonel

Thompson simultaneously, that if the more necessary food was cheapened, it tended at once to enhance the price of the more luxurious food. Colonel Torrens distinguished between agricultural necessities and agricultural luxuries, by the latter understanding especially garden vegetables, milk and cream, fresh butter, fresh eggs, and other things in which the foreigner cannot compete with the native producer. So small a fraction of our population at present enjoys these things, that the *desire* of the purchasers may be called something infinite; it is only their poverty which checks their demand. Hence if, by the cheapening of bread and meat, they have money to spare, it seems inevitable that the competition for these luxuries must raise the price, at least until the activity of the farmers should have vastly increased the supply of such things.

But in fact we still only touch an isolated case of a great and fruitful principle, which is expressed by Mr. Banfield nearly as follows: If human wants be arranged in series, beginning from the most urgent and proceeding to the less, *the satisfaction of every lower want in the scale adds intensity to some higher want*. Let us say that Food and Rags are more urgently needed than decent Clothes, such Clothes than Useful Furniture, and such Furniture than Pictures. Then, so long as Food is deficient, men eagerly part with everything but Rags to buy it. In 1842 in Manchester, it was stated that no shops but the Rag shops could keep up their prices; yet that was a time of scarcity only, not famine.

In years when food is cheap, the manufacturers of clothes know well that they will have brisk demand and good prices. For all the nation, spending less on food, can afford to spend more on decent clothes. —Again, the great improvements in machinery have made clothes so cheap, that a larger demand by far falls on Furniture than otherwise could have been: and whenever Food, Clothes, and Furniture shall all have become so cheap that the mass of the nation has much to spare after providing for these, a new value will be given to some higher luxury, whether Pictures or Books, unless the increased facility of producing them contributes to keep the price down.

You will now see (if indeed not before) the wisdom of that famous argument of the self-styled "Farmers' Friends," that it was requisite to keep up the price of corn artificially, in order to sustain the price of other things. Forsooth, if corn became cheap, then cotton and silk, and timber, and bricks and mortar, and iron, and leather, and woollen shawls, and crockery and glass, and hardware, and paper and books, and everything else, would become equally cheap, and all the nation would be ruined! Thus, according to these gentlemen, you will impoverish a nation by sending it plenty, but you will enrich it by semi-starvation.

The old Mercantile Theory—which taught that silver and gold were the only wealth, and that the more of them we bought and the less we parted with, the better off the country was—contained

nothing more monstrous than this extravagance, which still deludes many men who think themselves educated. Did they never see a family in distress for food? or could not their imagination picture, how a mother, in grief at her children's cries, sells one thing after another, proceeds to pawn any little trinket which she has cherished as a remembrance of love, and finally parts with her bed and sleeps on straw? Conceive a whole town in this distress, —think how full will be the pawnbrokers' shops, how many eager to part with property, how few anxious to buy or advance money; and you will see that, in famine, all property except that of food suffers immense depreciation. Accordingly, in smaller scarcity, all other property but food suffers *some* depreciation. But plenty of Food makes everything else more valuable; and plenty of every kind of common comforts makes all luxuries more valuable.

We may extend this series upwards to intellectual things generally, as well as to the Fine Arts. The lower wants of man are pressing, but they are finite: the higher wants are not at all pressing, but they are infinite. Hereby it is provided that when the stimulus of hunger and cold is removed, man should not stagnate in inaction. When physical comforts have been abundantly supplied, men (according to the stage of intellectual development) devote vast sums to external religious objects, as to temple-building, or to the fine arts in general, or to private and public education. In a very wealthy

people the gains of a butcher or baker are not much greater than in a comparatively poor people; but those of a successful painter, poet, singer, writer, or literary teacher, are far greater. Thus the laws of Economy provide for the fostering of mind, as soon as the body is satiated; and the mind is insatiable. But the effects of scarcity are felt at once, and with peculiar severity, by the trades which minister to needless luxury that has not grown into habit.

§ 2. TENDENCY TO EQUALIZATION OF REWARD
FOR EQUAL SERVICE.

Where law makes no impediments to free interchange, there is a tendency towards *uniformity of prices* of the same articles, if we pay attention to the causes of diversity already named. In the same village, the milk is sold everywhere at the same price; but in a distant town it sells for more, since the sellers have to repay themselves for carriage, waste, risks of all sorts, and profit to their capital.—The wages, also, in the same village for the same sort of work are the same at the same time; but twenty miles off, in the neighbourhood of a town, they may be made higher by the demand for men in various profitable manufactures. The *tendency* of this is, to draw off the country people to the town, and it might be thought that an equalization of wages would at length result; but this is not necessary. People are justly unwilling to leave

their native place, and their connections, for mere wages : some are thus drawn away, but it is only in the immediate vicinity of towns that the attraction is strong enough to raise the country wages generally to the town average. It has been ingeniously observed, that Prices "seek their level" in the same sense as Water does, though the head of the Nile is two miles higher than the mouth.

Wages vary also with the severity of work, with its disagreeableness, and with the rarity of the skill required. Pleasant trades are worse paid, because of the numbers who flock in : so are honourable trades. Men serve as justices of the peace and guardians of the poor for the honour alone, and often exceedingly covet the labour of being members of Parliament. They also become cavalry officers for a small income, and serve as clergymen for a butler's wages. On the contrary, if a trade is made infamous, competition is narrowed and wages or profits rise ;—a fact, which gives a vexatious vitality to all trades of doubtful moral right. But perhaps it is desirable, that if the immorality is not so clear as to justify legal prohibition and penalties, it should be hard or impossible to extirpate a trade by public odium. Had it been otherwise, Usury would have been put down, and both Banking and all Interest of money would have been killed in the bud.

Interest appears more rapidly and certainly to tend to equalization in the same political community, than either Profits or Wages. Its rate is no-

torious, and the thing lent is always the same ; and the facility of transference from place to place is so great as to make distance count for nothing. At the extreme north of Scotland a landed proprietor might borrow money in London on the very same terms as if he had estates of equal value in London itself. Altogether, in modern times, Capital has such power of removal as to make it dangerous to scare it away, especially from colonies and newly-forming communities. I believe it was no fraudulent pretence, but a truth, that several of the States of North America did not dare to impose taxes adequate to pay the interest of the debt they had unwisely incurred, because the taxes would have caused extensive emigration of capital, as well as hindered fresh introductions.

Some have on this ground said, that the Interest of Money (after deducting what must be called allowance for risk—that is, the portion of it which may be called Insurance,) must be equal all over the civilized world. It does not appear to me that this is certain ; and I must go a little more minutely into it.—Interest, being paid out of Profits, is likely to rise and sink with Profits, if all besides is unchanged. Profits rise and sink with the efficiency of labour, if Wages remain the same. The efficiency of labour increases with the excellence of soil and climate, and with the intelligence of man. Suppose, (from whatever cause,—whether low Wages, fine climate, or skilful culture and delicate taste) the average Profits in France to be higher

than in England. It does not follow that the *accumulation* of Capital is also more rapid there; for the people may have more taste for immediate enjoyment than for saving; and gaining easily, they may spend easily. It therefore *might* so be, that higher Profits than in England coexisted with permanently smaller capital. If so, undoubtedly Interest would be higher in France than in England. —Now let us consider, would this equalize itself by the rush of Capital out of England into France? I cannot convince myself of this. Some Englishmen (let us admit) would invest money in French works; and, what amounts to the same, some would buy into the French government-securities, and thereby set French capital free. But foreigners have much timidity in these operations. The possibility of war with France cannot be quite forgotten. The risks of dealing with Frenchmen are in many ways greater for an Englishman than for a Frenchman, especially if the Englishman is resident in his own country. In many ways, Capital would be far slower in rushing from England to France than from Scotland to England, on the mere ground of differences in government and language. Hence I think it possible that higher Interest might be permanently received by Frenchmen in France than by Englishmen in England, and that such a difference (if observed) ought not to be necessarily ascribed to some greater risk which balanced the Frenchman's gains. Especially is such a difference possible, if, from the more rapid

increase of French population or some political disadvantages of the French workmen, the wages of piecework equally well executed were permanently lower in France.—Or again, put India for France; and although India and Britain are under one political supremacy, the impediments to the flow of English Capital into India are so great, that I can see no impossibility in a much higher standard of Profits and Interest in India than in Britain.

§ 3. GENERAL DEDUCTIONS.

Let me now recapitulate. Wages rise with the Capital in the market, but sink with the number of Workmen seeking employment. Other things remaining the same, Profits rise when Wages sink, and conversely. Wages being fixed, Profits rise with the Efficiency of work,—which depends on fine climate and soil, skill, and machinery. Profits being fixed, Interest rises with the scarcity of Capital; or Capital being given, Interest rises with the rise of Profits. Lastly, Profits being fixed, the rate at which Capital accumulates depends on the disposition of the people to save; but this disposition is likely to be increased by the security of private property, and by a high range of Profit. Where property is unsafe, accumulation takes the form of hoarding, so that the Capital comes very slowly and incompletely into the market, and the disposition, alike to save and to produce, is impaired.

Our own condition, through the operation of

Banks, is directly the opposite. Not only is the disposition to save very general, because all can calculate on being rewarded for their prudence by secure possession ; but what is saved is not hoarded away ;—it is entrusted to a Banker, as a safer keeper of it. Thus small sums of £50 or £100 and upwards, which could not by themselves be invested in any business,—and all the earnings of professional men, who generally would not know in what to invest,—trickle from all quarters of the country into the Banks, where they collectively swell into great amounts. The Banker lends a considerable fraction, perhaps a third part of the whole ; so that the serviceable Capital of the nation is greatly increased. The immediate benefit is to the workers ; a secondary result is to the Capitalist in his profits ; and a third is to the workers again from the increased rate at which Capital accumulates.

Thus at every time there are at work *four* primitive Forces, whose mutual action determines other things : 1. The power of producing, varying with physical geography, with skill and with moral qualities : 2. The number of Workmen : 3. The existing accumulation of Capital : 4. The disposition to save more Capital.—The disposition to consume is regarded as infinite, though it is restricted always by necessity and generally by prudence. There used once to be much talk of a Universal Glut, but the appearances which suggest the idea are deceptive. When Food, the most necessary of things, is deficient, everything else being depre-

ciated, there seems to be a *universal* glut; but that is not true; for there is no glut of food, but the reverse. On the other hand, it is logically imaginable, that in a nation of Chinese intelligence, where there is great routine-experience, traditional skill and devoted industry, but an utter want of original invention, the number of trades should not increase, when through increased efficiency they all over-produced. If we suppose all Englishmen to work at one of twenty occupations, we might undoubtedly have a glut in *all the existing* trades. But this, if equable, would make itself felt by universal and increasing abundance as to all the needs of which we were conscious. At the same time there would be a total deficiency in countless matters which have now become necessities to us, and the wellbeing of the nation would be like that of sheep in a fat pasture. But as soon as higher desires arose, there would be no propriety in calling it a universal glut, when we had no elegances, no commodious and swift conveyances, no books, no fine arts, no intellectual culture. Practically, every glut must be partial; and generally a glut in any one trade does not imply that more is produced than the nation desires, but more than purchasers will or can buy at the prices. Thus the glut in one thing does but indicate a deficiency in something more urgently needed. There seems to be too much clothing in the market, because there is too little bread and meat: there seems to be too much elegant china, because there is too little clothing; and so on.

§ 4. ON FIXED AND CIRCULATING CAPITAL.

From what has been said, you will see that it is of first-rate importance to every nation to possess a very large Capital in proportion to its numbers; and this, whatever may be the form in which its workmen are paid. If, for instance, a farmer, with his wife, sons, and daughters, tills his own ground, so as to pay himself his own wages as well as profits, the efficiency of his industry eminently depends on his Capital. If he has a store of cattle-food, he can keep labouring cattle and rear young stock,—he can, also, from other stores purchase the best tools,—while if *totally* without capital he would relapse into the state of a savage. But eminently in a country where a large fraction of the people lives by wages alone (a most undesirable state of things), is the abundance of Capital matter of primary interest to the labourer.

Consider what would be the effect of a dreadful earthquake which should overthrow our manufacturing establishments, engulf our warehouses, and reduce the employers of labour to comparative poverty. The workmen, by hundreds of thousands, would be left unemployed, and, unless fed at the public charge, must ere long either perish or live by plunder. Either method would in a few months enormously aggravate the general impoverishment, and what dreadful solution such a difficulty would receive, no one can conjecture.—If, instead of a sudden earthquake, the result were gradually brought

about by wars and taxation, the convulsion would less affect the imagination, but would be as fatal in the result. Heavy taxes laid on the industrious rich, and increasing from time to time so as never to be compensated by the shiftings of the market, seem peculiarly apt to drive Capital out of a country. Happily, however, for illgoverned nations, Capital often ties itself to the soil, and peculiarly so in the whole modern development of industry: and this leads me to the distinction between fixed and circulating Capital.

In nearly every trade which is energetically pursued, the Capitalist is forced to sink one portion of his funds in an immovable form, retaining another portion to pay the ordinary wages of his men. Thus a scientific farmer in some cases lays down drains, excavates a tank, improves a road; (for whether he does this himself, or his landlord does it, is not just now to the purpose to ask;) he, at any rate, spends largely on manuring and weeding, in the expectation of recovering his money only after many years. For so long time his capital is fixed in the soil. Buildings of every kind that are used for production, are fixed capital; in which we must include harbours, docks, bridges, roads, stations on railroads, and whatever is built to yield an income,—in strictness, therefore, even dwelling-houses, provided that they are not built for the enjoyment of the owner: but the kind of fixed capital which is of special value to the labourers, is that which can only yield an income by the application of their labour. Such

is the case with all MACHINERY, against which the ignorant malice of workmen was once directed among us; but this evil prejudice is happily fast dying out. In every economical light from which it can be viewed, machinery is the greatest friend of the poor; and it is only to be lamented that hitherto its use in agriculture is so restricted.

The *first* point in machinery to which I am directing your notice, is, its making the owner so dependent on the workmen; and to so great an extent securing them against the emigration of Capital. Circulating Capital is the food of him who labours for hire; and it is as undesirable that his life should depend on the Capitalists, singly or collectively, as that the lives of the community at large should be at the mercy of the holders of food. I noticed in my first lecture, that the perishable nature of food is sufficient to secure that its sellers shall be as eager to sell, as buyers can be to buy; so that neither bakers and butchers nor cornfactors and graziers can starve us into their own terms. Similarly, all machinery is a bond given by the Capitalist to the workmen, which secures that its owner shall be as anxious for their work, as they for his pay. It secures that he will do his best to retain adequate floating capital to defray their wages and the expense of needful materials; nor, until he has found a successor to take his responsibilities, can he emigrate with his movable wealth at any smaller sacrifice than that of losing his whole fixed capital. It is thus totally false (though often asserted), that

workmen are unable to make an equal bargain with their masters. The master who is forced to keep his machinery inactive, incurs not only a loss of its whole profit, but the damage ensuing from its disuse: hence Avarice, if he be avaricious, vehemently prompts some speedy arrangement with his men.

Secondly, machinery enormously increases the efficiency of labour; and so long as it is singularly good, so increases the total receipts of the business as to enable the owner to pay wages above the average, while retaining good profits. This is only a transition-stage; but while it lasts, the Capitalist seldom gets the whole benefit of it; this is shared, more or less, with the workmen.

Thirdly, when the same machinery has become general, the competition of sellers who have high profits and great producing power rapidly lowers the price of their goods; but this seldom leads to a lowering of the wages once obtained, because Custom has much power, and employers fear ill-will, especially if they be wealthy and their fixed capital valuable. Some lowering of Profits would rather be submitted to, and I believe that, as a fact, this is the general result, and *not* a fall in the rate of wages, if one or other becomes essential. The effort to avoid the lowering of Profits is a constant stimulus to new inventions and improved methods. —Meanwhile the depressed price of the goods benefits every poor man as a consumer.

And here I must remark on the great mistake of supposing that the chief result of our vast organi-

zations is to minister to the luxury of the few: on the contrary, it is to advance the comforts of the millions. The *Food*, indeed, which the poor consume is not cheaper in price in England than elsewhere, —measure the price as you will; no wonder: for in producing food, machinery has not greatly helped us as yet, and our fertile soils are not very extensive. But whatever *else* a labouring man needs for comfort is peculiarly cheap in England. Where else can his clothes, blankets, tools, furniture, be got so cheap? Even all the materials of a house are remarkably low-priced; and if a house itself is dear, that depends either on the ground (of which I shall afterwards speak), or on the high wages of bricklayers, carpenters, and other workmen, or rather on the superior style of execution which we regard as necessary. Bad finance-laws (the remains of a half-exploded system of taxation) still inflict on rich and poor alike various isolated evils; but for this no one can blame machinery. On the contrary, it is machinery that makes the useful metals and useful cloth so cheap, and the machines called Ships bring in from all parts a prodigious abundance of cheap luxuries. A rich man in London pays half as much again for a *carriage* as in Vienna, or for a *watch* as in Geneva; the enhanced London price being mainly caused (I believe) by the high wages of workmen. But the substantial comforts of the poor are peculiarly cheap among us, while the wages in the neighbourhood of machinery are higher than in any other part of Europe.

If therefore our working classes suffer any widespread or permanent misery, it must arise from some of the following causes: 1, too many of them live on the same area, so as not to have good air or water, and pay too much for the earth on which they rest; or, 2, they stick to some trade which is overstocked, as to tailoring and milliner's work or handloom-weaving. The last trade ought scarcely to exist at all, and for the other two we have to wish that they may be superseded by machinery.—But, 3, much of the distress is perhaps caused by neglect of industrial education, so that the indigent are not desirable workers to any one. Or 4, the cause is moral; want of common prudence, want of intelligent friends and advisers, want of right principle, or want of willingness to work.—Thus the direct remedies are either Municipal or Personal and Moral; but to that topic I shall afterwards return.

Our Economists have, in several directions, great defects; but the outcry against them as Mammon Worshipers because they highly appreciate the importance of Capital, seems to me wholly unjust. *Why* do they value Capital? because it feeds the hungry, and sustains the weak. *Why* do they deprecate all needless interference with private trade? because, by tending to paralyze industry, it starves the working men.—To call this Mammon Worship is to nickname white black. Certain Economists have, in my opinion, shown far too great complacency in the actual results of our English social industry. Their temptation has been to feel exult-

ation in the great activity and efficiency of our labour, and not to be aware how deep a disgrace lies upon us for our contrasts of penury and luxury. If the total produce has been large, they have seemed to care little about the permanence of moral relations or the distribution of wealth. Yet I cannot admit it to be the proper duty of an Economist, to study "how human wealth *ought* to be distributed"; as if there were no rights of private property. The weak point here of the English school is, that they so readily take up with the Commercial notion of land, as though land were and ought to be the absolute and exclusive right of individuals:—of this I shall afterwards speak. But even if the fullest political justice existed, as regards the *basis* of private property, the differences of mind in different men and families would still produce great differences of wealth; nor can anything hinder widespread indigence among us, till the mass of the community be better trained, better watched over, and thereby more intelligent, more moral, and more united in habits and affection to definite families and classes above them. The whole subject, therefore, reaches beyond the proper sphere of the Economist: to complain that he does not treat it, is like complaining that a treatise on Mechanics or Gunnery does not teach Anatomy or Politics.

LECTURE V.

On Population and the Distribution of Employments.

I HOPE you are now familiar with the thought, that the efficiency of Labour depends partly on Nature, and partly on the aid of Capital and skilful Direction, which Capital and Skill are a private property;—that the total product, therefore, is necessarily divided into two parts, of which one remunerates Labourers and the other Capitalists, being respectively called Wages and Profits;—and that the larger the one portion is, the less the other must be, unless the Labour increase in efficiency. You must farther conceive of Profit as splitting into two branches, of which one remunerates active and the other inactive Capitalists. The latter is called Interest. Of both Profit and Interest a certain varying fraction is allowance for risk, and may be called Insurance. So much for the division of the whole produce.

You will see of yourselves the confusion arising from an expression that has become frequent of late, that “Labour is the Capital of the poor,” whence it is inferred that labourers have a right to Profits as well as Wages! The word Labour is itself here vague. I suppose it means, the ability to labour: but in fact sinews and bone give *no* ability

to labour, unless supported by food. A man who has food in reserve, or the means of purchasing it, is (in so far) a Capitalist; but he who has not the means of feeding himself is not a Capitalist, and has no right to the profit of other men's capital. He has merely a right to make as favourable terms for himself as the market will allow. (I do not now discuss the topic of Poor Laws.) If, instead of being paid a fixed wage, he agrees to receive, in part at least, a payment varying with his employer's profits, he still is not any the more a Capitalist, and his payment ought still to be called Wages. Variable or fixed, it is a payment for personal service, and not for the use of Capital. If, however, he manages to save, and invests his money in his master's business, then he becomes (in so far) a little Capitalist, and receives Profits as a partner, besides his Wages.

Hitherto, in most nations, a large mass of the people has been without any store of capital; but perhaps in no community of first-rate greatness has so very large a fraction of the whole lived from hand to mouth, as in Great Britain. The effects of it are in many respects lamentable, and the prospect is most threatening; yet it has in part risen out of an excellent advantage—the great abundance of Wages. The power of production which machinery has given us, has enabled mere children to earn more than their maintenance, and has tempted tens of thousands to migrate to the towns, to marry and raise families, all of whom are to live by Wages. This means, to

be dependent not only on the *Capital* of others, but on their *Prudence* and Skill. On the moral evils of this, as discouraging personal forethought, I may afterwards touch. At present I confine myself to the primary Economic view of the case. Here are vast masses of families dependent on Wages, and therefore liable to starvation if Capital or its means of profitable employment fails. *Is it, or is it not*, to be feared, that Population will grow faster than Capital, and thereby will effect its own ruin?

The doctrine which has obtained great currency through Malthus, Chalmers, the two Mills and Macculloch, is, that Population tends to double itself in every 25 years or thereabout, but that, on a given area of soil, no such tendency to constant increase of Capital exists or can permanently exist unimpaired in energy; nay, in every country which has been long settled, every increase of population makes it increasingly difficult to raise food: hence the numbers are constantly *pressing against the limits of subsistence* (as the phrase is), and starvation will ensue, unless prudential reasons are called in to repress marriage. But such prudence (say they) is impossible, unless the State sternly casts on each head of a family the responsibility of feeding the children. Out of this springs the great Malthusian conclusion, that a Poor Law which disembarbasses the poor from this responsibility must ultimately be most ruinous to them; for (says the argument) it will stimulate their increase of numbers so much, that a poor-rate adequate to feed them

would rapidly pull down the classes just above them in the scale: and the longer the principle should be persevered in, the more inevitable would be the final misery. Allowing, therefore, that public relief may be given to distress that could not have been foreseen, Malthusians would refuse it to those whose indigence is caused by imprudent marriage.

Mr. Malthus of course foresaw the reply that Emigration and Importation of food are the natural remedies for excessive population; but he undervalued the efficiency of both modes of relief. Perhaps had he lived to see Steam Navigation, he would have modified this part of his argument.

The controversy moved by this celebrated question would need a large volume to discuss, and I can only touch its outline.—My opinion is, that the Malthusian doctrine, when stated as an abstract theory, is undeniably true, but that every practical application which either Malthus or his followers have given it, is deplorably and perniciously false.

First; it is certain in the abstract, that if we go on multiplying without restraint, the earth must in a very moderate time be overpeopled.

The diameter of our globe is less than 8000 miles; its surface therefore is less than 804 millions of square miles, one third part of which, or less than 268 millions of square miles, is believed to be land. Suppose, now, that all the human population were cut off, except the 30 millions of Great Britain and Ireland: this would allow an average of less than 9 square miles to each individual. The number of

square feet in 9 square miles is less than 251 millions; hence if the British population were multiplied 251 million fold, the entire solid land of the globe would be covered so thick that each would have but a square foot to stand on. And this sum, though large, would result from doubling our population about 27 times only. Supposing, therefore, that we double in every 40 years, it follows that our posterity alone would thus cover the earth in about 1080 years. If we doubled, as the Anglo-Americans, every 25 years, the time would be reduced to 675 years: and this would, no doubt, be our rate of increase, if we had a miraculous unlimited supply of food.

Such an argument, on Malthus's side, is, I think, far more cogent than any which he has used. His opponents may tell him, that the tendency of Agriculture to improve in efficiency in an educated nation, has been undervalued by him, and is as certain and as effective as the tendency of Population to increase. They may plead increasing facilities for carrying people abroad to the food, and for bringing-in food to the people. But they cannot deny, that if the increase of population is not (somehow) checked, it will *at last* be smothered by its own numbers; and *that*, in a period of time which is but one-third or one-fifth of the past existence of historical civilization. But the question recurs,—what is this to us?

Would not any one be thought mad, who refrained from promoting his own moral happiness by

marrying, merely because he feared lest the earth should be overpeopled 1000 years hence? Clearly. A legislator therefore acts tyrannically, who to serve this distant object impedes marriage. Malthus himself had no such visionary thoughts. He held population to be already too numerous,—that our poor are already suffering from it and likely to suffer more; and that all which can be done is to secure by law that the inevitable suffering shall fall in the right place; *i.e.* on the families of the improvident: to which end, the State (in his view) must never feed the children of those whose fathers are unable to feed them, and the Church should teach the poor the duty of prudential restraint; moreover, his school assure us, such prudence on the part of the poor will have its own reward in the comparatively high market rate of wages.

Mr. Malthus was a benevolent man of great learning and original thought. His doctrine was one of the phases through which Political Economy inevitably passed, just as Philosophy passed through that of the Selfish System, the upholders of which were not selfish persons. I see not how to deny, that, however true in the abstract is the nucleus of Malthusianism, yet its applications have been blighting to our science. On every point practical Malthusianism has been undermined,—I do not mean by the often unjust assaults of unscientific repugnance, but by reason and accumulated fact.

First, it is impossible for any poor man to hope that his individual prudence in the delay or re-

nunciation of marriage will ever be remunerated by a higher rate of wages. He knows that others will swamp his market with *their* children, if *he* live childless. If the good alone are Malthusians, the bad families will outbreed them. Next, the progress of Irish population has demonstrated, that a total absence of Poor Laws has no tendency to check population, but rather the contrary. When men live in a half brutish state of mind and body, you can no more stop *their* multiplication, than that of rabbits, by enacting laws: the only way is, to shoot them down. If men are to be treated as men and governed by law, there is only one way of checking their increase, (supposing that to be desired,) viz., by increasing their comfort and their selfrespect, by developing their mental faculties, and lifting them above mere animal instincts. An Irish lad marries at 18, because he has nothing to lose and something to gain by it. He has no comfort in life to hope for, but that of a wife; and who will succeed in persuading him to renounce that also? Poor Laws are found to be essential as a means of Police; they are also (as I think) matter of *justice* to the poor, in all countries where Law keeps masses of land idle;—on which subject I shall afterwards speak. But they likewise aid to sustain the poor above that state of recklessness, in which they multiply thoughtlessly as animals.

You must remember the wild ages through which Human Nature has passed. Our forefathers were all mere savages. In conflict with so many powers

of destruction, our race could not have sustained itself, had there not been in its animal basis a marvellous power of selfpreparation. A power essential in times of violence needs to be partially quiescent in times of tranquillity. As the ferocity of the savage is tempered into a noble and mild patriotism, so the instinct which joins him to Woman becomes refined into a tender sentiment, which, in order to listen to virtue and prudence, may feed awhile upon the mental response which it receives.

But farther, it does not appear that Malthus or any of his followers have given us any test by which we may ascertain that we are actually suffering under redundancy of population. They point to widespread distress, sometimes in one class, sometimes in another; but this may evidently arise out of moral, political, commercial causes which have nothing to do with *total* overpopulation. The only intelligible test of the last, is that propounded by Mr. Lawson; viz., A people is *then* beginning to press on the limits of its subsistence, when a larger and larger fraction of its entire power is needed to raise the food of the community. And, tried by this test, we surely never were so far off from being redundant, as we are at this moment. To say nothing of the relief by Emigration and by Importing food; neither of which has at all come near to its maximum of service,—if England were the whole world, and we did but cultivate it as sagaciously as our best-farmed counties, till we had as much food as we could consume, I believe we should

still have a larger proportion of hands free from the toil of food raising than in the reign of the 8th Henry or the 1st Edward. Our economic disease, therefore, does not consist in too much population, (which means, too little power of getting enough food for all,) but from various clogs and stoppages in the channels of distribution. If there is food for all, yet *one* person in 100 is either immoral, illtrained, unwise, perverse, or blamelessly unfortunate, so as to miss his food, (and how small a percentage is this!) that will make out of our 30 millions as many as 30,000 persons hovering between food and starvation. Such a mass of misery, collected in heaps in the chief towns, grievously affects the imagination, as though there was more population than we were able to feed; and leads others to speculate on the necessity of reconstructing Society and abolishing Competition.

In order the better to analyze these phenomena, we must consider the law which regulates the distribution of employment into separate trades.—In the state of barbarism, every man produces food for himself; every little family is self-sufficient. In ordinary times, the physical wants of all are well supplied; but famines are frequent and severe, far beyond anything encountered in the same locality by civilized man: and at all times, no mental progress is possible for the savage.—You remember, that the first step out of this state rose out of the increased efficiency of the labour that raises food. When hunters become keepers of tame cattle,—and

much more, when they begin to raise crops of corn,—a part of the community is able to feed the whole, and the labour of the rest is free to work at articles of comfort and luxury.

Now this is but the first step in a great ladder. Every increase of human abundance must ordinarily depend on increased efficiency of work ; and all such increase of efficiency is apt to make itself disagreeably felt to the actual workers, who complain that their trade is overstocked. If, after the first step out of barbarism, nine-tenths of the men can feed the whole nation, a second improvement in cultivation may enable seven-tenths to suffice ; and if markets have been established, the excess of produce is at first vexatious to the producers, since they can purchase less with it. Two-tenths of them ought to leave the class of agriculturists, if all could be arranged by mechanism ; but as men cannot or will not break up their habits, it needs several generations to bring about such a result.—Let me, however, for a moment suppose an indefinite versatility in the workers, and that, by virtue of this, they could change from trade to trade as speedily as general reasons of Economy dictated. Then, on successive improvements in the art of foodraising, we might see first nine-tenths, then seven-tenths, then only six-tenths of the adult males employed in this duty : for as we can do nothing with food but eat, and the capacity of our stomachs is limited, it would be a clear absurdity to go on permanently overproducing. Thus a rough

measure* of the facility with which a nation feeds itself, is found in the *smallness* of the fraction of its agriculturists.—Meanwhile, the hands set free from this work are engaged as artizans; some, in making agricultural tools and others weapons, some in clothes and furniture: say that *one-tenth* of the whole is employed in twisting, netting and knitting, so as to make mats, cloaks, and cloth, of a rude kind. In this stage some ingenious man invents a loom, the use of which soon produces cloth so abundant, that one-tenth of the population is now too much for this work. It is true, that the effect might only go so far, as to enable many to enjoy these things who previously went without them; but if the looms were confined to the simplest and coarsest produce, it seems inevitable that there would be overproduction. I have explained that the lowest and most urgent wants of man are the *most finite*;—as food and rough rags: it is only by rising into a mental sphere, where fantasy or taste act, that infinite desire is called out. Thus, instead of *one-tenth* of the people employed in the coarsest clothing, we shall perhaps find *one-twentieth* only; and the other twentieth may produce more elegant and luxurious articles.

Supposing, then, this infinite versatility in the workmen, and a steady improvement going on in every branch of industrial skill, we should see a

* It must not be forgotten, that in a very agricultural community, a part of the work of the peasant, as of the females in his family, is that of an artisan.

perpetually diminishing fraction of them engaged in those trades which supply our lowest wants, and fresh and fresh fractions perpetually thrown off to work at luxuries previously undreamed of,—perhaps at mental occupation. And, as I explained in the preceding lecture, the better the lower wants are supplied, the better are those remunerated who cater to our higher appetites. To cheapen food, is to add value to clothes and all higher things; to cheapen clothes *also*, is to increase still farther the value of what is less necessary, and so on. Hence the workmen would all be benefited by the progress of industry. The agriculturists would get comforts or luxuries that previously did not exist; the seller of luxuries would get plenty of agricultural produce; and so on.

But in fact, this progress is sadly embarrassed by the failure of our Postulate. Man has *not* that versatility of which I speak. He is attached to his locality as well as to his trade. He likes to superintend his children's education, and therefore to bring up his sons to his own trade. And it is hard to break down this sentiment, without impairing patriotism; without infusing a too purely Commercial soul, which values every thing by its market-price. Where to change one's trade is to change one's abode, to lose the friends of our childhood and youth, to be lost among strangers,—there, large pecuniary sacrifices may well be recommended in preference. It demands a higher education and great progress in rapid and cheap communication,

to enable families to separate locally without separation of affection and interests.—Nor is this all; but when a trade has been learned by a long apprenticeship,—when it has been taught by mere routine,—when neither the mind nor the eye nor the hand has received any universal culture, but all have been trained to one thing only;—it is so hopeless a thing (or seems so hopeless) to change one's trade, that men cannot be induced to attempt it. Practically, therefore, it may be a great calamity to a nation if its industrial mechanism develops itself too rapidly for its individual flexibility; for it may produce more of certain articles than it needs or than it has channels for distributing, and the workmen by sticking firmly to their trade will then suffer want in the midst of abundance.

If this is not clear of itself, consider the possible consequences of an improvement in tools or organization. Suppose a nation of 4 millions of persons, of whom one-fortieth part, or a hundred thousand, are contentedly engaged as working tailors and sempstresses; but, by the improvement of the needle, it becomes so much easier to draw the thread through the cloth or web, that it can pass six times instead of five with no greater fatigue. In consequence, each workman and workwoman is encouraged to produce more; and when the goods remain unsold, they are offered at a rather lower price, to get rid of them, else the workers will have to remain idle. *If now* the community was previously half-clad, more clothes are bought and worn,

so that a fresh and fresh demand takes place. The consumers then get benefit in reduced price, yet the tailors and sempstresses need not lose all advantage; for the price will not sink in so great a ratio as supply has risen; since the increase of demand helps a little to bear the prices up.—*But if*, on the contrary, the community was fully clad already, and will wear but little more clothes, even if they be offered cheaper; but will rather save money in clothes to spend on something else; then the needleworkers find their stock is depreciated and that demand is slack. They do not know that this is a permanent thing, and hope it will mend. Finding themselves a little poorer than before, each works harder, in order to make up. Perhaps they before worked only 9 hours a day; they now begin to work 10. Thus the stock was first increased by one-fifth (or from 100 to 120), by the improvement of needles; next it is increased one-ninth more, or from 120 to $133\frac{1}{3}$, by the longer hours. Thirdly, this increased demand for the cloth probably makes it rather dearer: this is paid (let me suppose) beforehand by the worker: thus the expenses and labour are increased, and the sole reward is—a diminished price of the goods. Obviously, if they persevere in this course, poverty and lingering trouble is inevitable. They are producing more than the community cares to use; and unless they can export their goods to a new market, there is no remedy but that about 25,000 of them leave that

particular line of trade. The most hopeful thing would be, to develop some higher form of it.

Very similar results might happen from improved organization. If a city have 1000 working tailors, accustomed to work separately, with great trouble and loss of time; some capitalist conceives the idea of economizing labour by bringing together a company of 80 workers. He pays them liberally at first (I will suppose), and the advantage of the Division of Labour largely increases his produce. To promote its sale, he a little lowers the prices, but still makes a good return for his money. His example finds imitators, and as the produce keeps increasing beyond the actual wants of the community, the end ought to be a lessening of the number of tailors; unless indeed some new purchasers can be found or raised up.—Thus *whatever* makes human labour more efficient, tends to glut that particular market, unless the produce is of that kind for which the human desires are infinite.

The general law of Economy may here be called a law of Providence. It is intended,—it is desirable,—it is in the course of human improvement,—that by the advancing skill of man, a larger and larger fraction of the nation should migrate out of those trades which provide for our primary and lower wants into other employments. If men fight too obstinately against this economic law, they do it at a severe expense of suffering which must at last subdue them. But let me call your attention

here to a strange misrepresentation. It is said : "How absurdly inconsistent are you Economists ! you first extol Competition, and then you confess it is a most ruinous thing ; and you warn people to run away from it by changing their trade. Surely this justifies *us* in denouncing Competition as an unchristian iniquity, the very root of evil."—I reply : Competition is, in the market of the world, what Gravitation is in the mechanism of the heavens, an all-combining, all-balancing and beneficent law. But the beneficence of which we spoke, applied to the *equalization of advantages among those of the same trade*, to which Competition tends. If there *must* be 200,000 tailors, competition tends to level them : this is, under the circumstances, a good thing : but to say that, is not to say that there *ought to be* so many tailors. Moreover Competition is ~~it~~ not² thing invented by Economists : it is a necessary result of private property. To concede that money or goods are a private possession, and deny freedom to buy and sell, is absurd : but this freedom ensures Competition. We see its excellent results : we see also the impossibility of destroying it : but that is no reason why we should not warn persons that if too many of them work at one trade, they will starve one another. Even so, it is not the Competition that starves them, but the pertinacity with which they continue to produce, when the low price warns them that the market is glutted. In fact, however, to the individual who is exposed to competition, the immediate action of that principle

can seldom be pleasant. To him it is generally painful, even when a useful stimulant ; but its great benefit is to others. We do not "panegyryze" competition in any other sense than we panegyryze Gravitation or Fire. All these things are necessary powers, deeply inherent in nature, and admirably suited to this world. To denounce them as "*in themselves evil*," is really too absurd.

X. The particular question of tailors and sempstresses has been put by me hypothetically, to illustrate a principle. If I approach the actual facts of modern London, I should observe that the profession of the sempstress in the lowest classes is assumed, as that of the governess in the middle classes, by hundreds who have no aptitude for the work ; and it is quite possible that there may be many who do not get employment or who get it seldom and ill-paid, simply because they work very badly. But as it is certain that if there were *too few* workers in comparison with the active desire of the public to buy clothes, all who could work well would be able to make advantageous bargains with the master-tailors and drapers, so it appears to be impossible to resist the inference, that the true cause of any really and permanently low wages in these trades is, because the activity of the system has for some time past been oversupplying the public. A tailor's trade either is, or appears to be, so easy to acquire, that too many are always liable to flock into it : and the more this art is taught in the Ragged Schools, the worse, perhaps, will be the case

of journeymen tailors, at least in the ready-made clothes trade.

To blame master-tailors for making work efficient, or the public as oppressively eager for low prices, is alike gratuitous. In fact, the work which is *bespoken* does not seem to be cheaper than thirty years ago, when food and all necessary or convenient things were dearer.

And here I am brought to the remedy of Sismondi and his school, who declaim about the necessity of Supply *following* Demand, not going before it. The only meaning which I can see in this is, that nothing should be made for sale, lest too much be made. Unless men are to be constrained to idleness until an article is bespoke for use, of course Supply goes before Demand. The opposite principle would have extinguished all new invention. Which of us could think of ordering Wedgwood ware or Gutta Percha straps or Macintosh coats, if such articles were not first exposed for sale? Moreover, how can it possibly be known how much the public is willing to pay, except by trial? The Demand is called out by the usefulness, beauty, and cheapness of articles, which previously, perhaps, were unthought of by the consumer.

The nucleus of our whole difficulty is, that our people have more Liberty than Versatility or Good Sense. There surely needs no proof that a trade *may* be overdone: let me exemplify the handloom weavers. Suppose an Act of Parliament to be passed, which would set up a Minister of Industry

and enable him to press them all into whatever trades he pleased ; and that he forced some of them to become streetsweepers, some to be shoeblacks, some to be butchers' boys, and so on :—the whole country, and the weavers themselves, would cry out against the tyranny of the measure. It would be powerfully argued, that no one has so strong an interest as each man himself in finding out for what trade he is fitted and what trade will remunerate him ; and that for *one* mistake made by the individual, *ten* will be made by the Minister. Our Freedom to choose our trade must therefore be left to us, great as is the possible suffering to individuals who have chosen badly and who cannot or will not alter. Despotism would only make the case prodigiously worse. It remains as a law of Heaven and Earth, which kindness may a little palliate, but cannot remove, that those who use their Freedom pertinaciously to cling to a worn-out or glutted trade, must suffer. No man has a right to expect society to pay him for services which society does not value. No man has a right to claim to be supported in a business which experience shows to be a failing one. Even the claim for charitable commiseration can only be sustained by a plea which such workmen will, perhaps, not choose to adopt ;—that of total incapacity for any other service than this one which is not wanted. Such a plea would be distasteful to those who are accustomed to assume the tone of wronged and persecuted men towards the masters whose wages they

freely accept, and whose refusal to deal with them would inflict on them still worse suffering.

Our poor urgently need Industrial Education. They ought not to commence routine-work so early. The Eye, the Hand, the discrimination of Form and of Beauty, should have both broader and deeper culture. They should learn more of principles, less of details. They should be taught to use tools and weapons of the most various kinds and in various ways, with strength or with delicacy. If a wide basis were thus laid, before they commenced their proper profession, they would afterwards be more versatile, and far less bigoted to a single occupation ; and as soon as the lower wants of any trade were satisfied, they would develop some higher form of it. No sums which the State could lavish on such education could be extravagant ; and, in any case, laws forbidding the premature or excessive work of young people are eminently important. But neither the State nor any Societies will discover into what new trades the supernumerary hands of old ones ought to be drafted off. That must be left to individual sagacity, with the frequent suffering of the unsagacious.

LECTURE VI.

History and Nature of Landed Property and of Rent.

HITHERTO, I have abstained from speaking of Rent of Land, and Landed Property. The subject is so complicated with political, historical, and moral considerations, that much introductory matter is necessary, before we can attain to the purely economical view.

We can trace the history of tillage in the Teutonic nations as high as the state of barbarism, when no such thing as private property in land was thought of. The Germans in the days of Cæsar lived chiefly by tame cattle and on venison. Agriculture was little practised; the rights of land rested entirely in the tribe or nation, not in the individual*; in fact the magistrates redistributed the land to the use of the tenants, year by year, no land remaining in cultivation two years together. The husbandry was, of course, of the least laborious kind, in which case it is not found at all oppressive to yield up a small fixed fraction of the produce (perhaps one tenth) as Rent. Such rent was undoubtedly paid by those whom Tacitus calls the *serfs* of the Germans; who were not

* Tacit. Germ. 26; Cæs. B. G. 6, 22.

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household slaves, but lived in their own separate huts, and paid to their lord "a quantity of corn, or of cattle, or of stuff" (Tacit. Germ. 25). These serfs, I think, were conquered Gauls, who had occupied the soil before the Germans came upon it, and did not migrate west of the Rhine with the mass of the Gaulish nation. People thus conquered would naturally lose their language in the course of many generations, wherever they lived on wide plains and were encompassed by and interfused with Germans. But on mountainous ground they would retain their Gaulish tongue, as we hear that the Gothini in the interior fastnesses of Germany actually did, though compelled to pay tribute (Tacit. Germ. 43). The Boii, a Gallic race, long lived independent within its circle of mountains, and gave its name to Bohemia. Thus the earliest rent in Germany is a kind of tithe, paid for political safety by a population of serfs, probably foreigners: but no native and free German paid rent, and no individual whosoever possessed land in private right.

When German invasion deluged the rest of Europe, and feudal monarchies arose, the basis of the social system was in the tenure of land. In many parts, but eminently in Italy, the Towns remained like independent powers with their own territory. Of the rest of the country a division was made almost identical with that of ancient Egypt or ancient India, into three sorts of land, belonging to the Crown, the Priests, or the Military order, that is, the nobles. The actual cultivators

generally paid rent in some form to one or other of these three possessors ; but the principle was on the whole clearly upheld, that the land belonged to *the State*, and to no private person. Small freeholders who cultivated their own land may seem to have been an exception. At any rate the larger holders, or landlords who received rent, were by the very fact constituted into public functionaries, who had service to perform for the payment. Town Lands, as the very name shows, belonged to the public. Nor were the Crown lands the private property of the Sovereign, nor could he alienate them. The Church lands equally were public, and the clergy owed public religious duties for them. Besides this, Bishops and Mitred Abbots, equally with Barons, were bound to maintain soldiers on their estates for the King's need. The Barons' domains descended to their sons or representatives, and might not be sold for the advantage of the immediate holder, who had only a life-interest in them. All these great functionaries had to do solemn homage to the King for their land, in token that it was public property : besides which they were liable to other burdens. In fact, the Barons generally had courts of their own, and in many countries were like little sovereigns, whose political duties were requited by honour and by rent, which was not a commercial, but a political payment. Of all this perhaps the only remnant in modern England is seen in unpaid justices of the peace and in the compulsory serving as High Sheriff : and, trifling as

this may appear, it serves to indicate that the law has never given up the principle that landed possessions are a TRUST bestowed by the State, and that the person accepting the trust becomes in some sense a public functionary, pledged to definite duties.

In India the principle has continued to our days, that the Crown is the owner and proprietor of the great mass of the land. Under the Mogul Emperors, the rent was gathered by a large number of public officers, called *Zémindârs*, or landholders; who were allowed some liberal percentage to maintain their own rank. Lord Cornwallis treated these Zemindars as English landed proprietors, so far as to fix for ever by a single act the sum which they should annually pay to the government. This is celebrated in our Indian History by the name of *The Permanent Settlement*. Of course it took effect only in that part of the country which was then subject to us. Modern Indian placemen often regret this act, as an unwise alienation of public revenues into individual hands. It certainly was an alienation: but its benefit, as a restricting of despotism, seems to outweigh all its other evils. It has secured, wherever it exists, that our taxes shall not grind all down into the same level of poverty. In the other parts of our Empire, the State tries to take to itself the gains of both landlord and farmer, and deals directly with a number of miserable cottiers, (called the *Ryots*,) whose tenure is yearly renewed at a rack rent which would rise with the industry or good luck of the tenant.

The system of sustaining the expenses of the State by the rents of public lands is characteristic of a stage which has almost vanished in modern Europe. It is appropriate to Feudal Monarchy, but, without some modification, is ill-suited to our own times. Feudal Rent is essentially distinguished from Commercial Rent in being fixed in amount by *custom*: either such a fraction of the produce, or such a number and quantity of specified things, or a very moderate quit-rent in money, for a long period of years. The king or baron who received gifts in kind, kept a host of retainers in rude plenty, but was not always able to command any large sum of cash, even if he condescended to keep a public store, and sold goods on his own account;—for the superintending officers swallow up a large amount. A moderate fraction of the produce is a natural and easy payment, if the land is fertile and easy to cultivate, and so long as the farmer uses little exertion. But, as I shall have occasion to show fully when I speak of Tithes, so soon as elaborate cultivation is needed, to demand a fixed fraction of the gross produce is an infliction that presently stops improvement.

While the public Revenue depends solely on the rent of Crown Possessions, and some reasonable rule of custom determines the amount of the rents, all goes on well enough. But after the Monarch finds himself able to get supplies in hard money from *another* source, as by gifts from trading cities, and votes of his Parliament, the temptation becomes

irresistible to gratify some favourite by putting him in office over some of the Crown Estates, and not exacting of him the full rent. The legitimate revenue is squandered, because the king can replenish the loss conveniently in another way, and prefers ready cash to produce which needs to be sold. Perhaps in no country of Europe have the Crown Estates been honourably used, even where they have not been alienated. For instance, in Hungary the Austrian emperors have preserved the Crown Estates; but they have not succeeded in making any use of them proportionate to the industry and knowledge of our times. A king cannot hold auctions of his farms or mines in person, so as duly to raise the proceeds; and his officers generally manage to divert to their own uses any increase of rents which from time to time ought to arise. We cannot wonder at this, when we know that some of the most valuable estates still remaining to the English Crown, are no source of public revenue. The illegal alienation of the Crown Estates, partly by sale and partly by gift, is a scandalous chapter in English history. Against it the Parliaments again and again protested, and often effected a resumption of the Estates; nay, Richard I., after selling some of them, and using the purchase money, took back the lands himself, alleging that the sale had been essentially beyond his power. However, after the Abbey Lands had been distributed among the aristocracy by Henry VIII., Parliament was dumb, so many having eaten

the sop; and the alienation of Crown Lands went on, until at last the whole taxation of the country, which ought now, as originally, to have been defrayed by Rent of Land, was shifted off on to trade and industry. The landholders passed laws to exempt themselves from feudal service, so as to hold their rents for nothing, and presented the king with a tax on beer instead!

It is strange to add, that the Commercial part of the community was so far from resisting or resenting this great financial revolution,—which was really a gigantic fraud on the nation, and peculiarly on the towns,—that they practically aided it, owing to their great desire to see land converted into a purely commercial article. No sooner has a man become wealthy in trade, than he desires to become master of a landed estate by purchase. But the old laws did not allow a nobleman or baronet to sell his estate; for it was a fraud on his successors, to take in ready money the value of the land for ever. Yet from an early period the Crusades urged so many to desire to sell their lands, that (I believe) the law was often evaded; and I have heard it is mainly from the necessity of evasions and fictions, whenever land was to be transferred for money, that the rules of landed property have become such an unintelligible mystery in England. The conspiracy went on against the law for two or three centuries, between impoverished landholders, wealthy merchants, and cunning attorneys, whose combined force, aided by the decisions of Judges, gradually

overturned the old feudal theory, and worked into the English mind the commercial idea of land, as something to be bought and sold freely in the market. The Barons' courts were suppressed by those of the King; the Barons' soldiers were thought less trustworthy than an army raised by the king's own functionaries, and paid by money from the Parliamentary taxes. Thenceforward the Crown left off caring that a large number of men serviceable for war should be sustained on every estate; Henry VII.'s Parliaments aided the king's policy of breaking entails: commercial notions of land prevailed, and in process of time landholders claimed a right to their estates as if no one else had a right in them. As far as I am aware, to eject the population in mass is a very modern enormity. We think of it as peculiarly Irish: yet, nowhere, perhaps was it done more boldly, more causelessly, and more heartlessly, than from the Sutherland estates of Northern Scotland early in this century. Between the years 1811 and 1820, 15,000 persons were driven off the lands of the Marchioness of Stafford alone; all their villages were pulled down or burnt, and their fields turned into pasturage. A like process was carried on about the same time by seven or eight neighbouring lords. The human inhabitants were thus ejected, in order that sheep might take their place; because some one had persuaded these great landholders that sheep *would pay better* than human beings!

This is truly monstrous. It is probable that

nothing so shocking could have been done, but for a juggling plea concerning the claims of Political Economy. It is defined as the science of Wealth: rightly. It will not confound itself with Politics: right again. It cannot undertake to define what things are, and what are not, private property: it *assumes* that Political Law regards the landlord as the landowner, and justifies him in emptying his estates at pleasure. Well: if so, it follows that the rules of mere Economy are no sufficient guide to the conduct of a moral being. If Statesmen, Parliaments, or Courts of Law have neglected to define and establish the rights of those who dwell on and cultivate the soil, the landlord cannot plead that neglect to justify his wrong. Grant that, as an Economist, I have no right to ask whether land is or is not private property; yet, as a politician or as a moralist, I may see that no lord of Sutherland ever could have morally, or ever ought to have legally, a greater right over his estates than the King or Queen had, to whom his ancestor originally did homage for them. A baron, in his highest plenitude of power, has rather less right over the soil, than the King from whom he derived his right: and a king of England might as well claim to drive all his subjects into the sea, as a baron to empty his estates. We read how William the Conqueror burnt villages and ejected the people by hundreds, in order to make a hunting ground for himself in the New Forest. This deed, which has been execrated by all who relate it, seemed an extreme of tyranny:

yet our Courts of Law and our Parliaments allow the same thing to be done by smaller tyrants; and the public sits by, and mourns to think that people deal so unkindly with *that which is their own!* Here is the fundamental error, the crude and monstrous assumption, that the land, which God has given to our nation, is or can be the private property of any one. It is a usurpation exactly similar to that of Slavery. The slavemaster calls himself slaveowner, and pleads that he has purchased the slave, and that the law has pronounced slaves to be chattels. We reply that the law is immoral and unjust, and that no one could sell what was not his own; and that no number of immoral sales can destroy the rights of man. All this equally applies to land. The land was *not* regarded as private property by our old law; it is not to this day treated by the law on the same footing as movables; and there are many other persons who have rights in a piece of land, besides him who gets rent from it. The lord of the manor has his dues, but this does not annihilate the claims of others. For land is not only a surface that pays rent, but a surface to live upon: and the law ought to have cared, and ought still to care, for those who need the land for life, as much as for those who have inherited or bought a title to certain fruits from it.

Political Economy, in a country which sanctions Slavery, will talk of slaves as of cattle; and rightly, as regards commercial calculations. So, too, among ourselves, Economists have accepted as *fact* the

commercial doctrine of land. Their science is not to blame for it: but some of them, as individuals, are to blame, for having so much sympathy with the rich and so little with the poor, as not to see the iniquity of such a state of things; but rather to panegyryze English industry as living under glorious advantages,—where the labourer on the soil has no tenure in it, no direct and visible interest in its profitable culture, no security that he may be not driven off from it, in order to swell the rental of one who calls himself its owner.

To analyze this subject the better, I shall put various suppositions.

If a solitary family land on the shores of an empty continent, like Australia, and occupy a plot of desert land, prior occupation would confer on them a right superior to that of any other claimant. After they had cultivated it ten years, if a stranger tried to drive them off, all bystanders would call it an invasion of right.—Let him take a portion of the unoccupied land, if he please, but not eject them from that which they have made their own by usage and by improvement.—Thus the occupants have a certain right in the land prior to Statute Law, which right ought to be confirmed by Law, when the time comes for enactments.

If the stranger, on considering the labour which it will cost him to clear copses, to make fences, to dig drains or wells, to build outhouses, to make roads, or execute other works, to say nothing of the dwellinghouse, chooses to offer a price to the

pioneers of civilization for their improvements, on condition of their yielding up the farm to him; it needs no proof that they are able to make over to him the whole of their right; and that the price which they receive will have been honestly earned. But thereby they abandon all farther claim to it.

Should he not be rich enough to pay down what they regard as a fair compensation for their labour, the contract may take the form of a yearly payment on his part, which may perhaps be called a Rent. But supposing it to be intended as a remuneration for the trouble which they have taken with the estate, the payment will, in fact, be a return of *Profit* to the Capital sunk, exactly as in a common House Rent.

If the first civilized colonists find the land overrun by tribes of hunters who will be more or less dangerous to them, it may be wise to disarm their hostility by Gifts; and it is probable that the colonists, if otherwise prosperous, will see it advisable afterwards to renew such Gifts; and, in order to save themselves from importunities in too many quarters, to address themselves to one, who may seem to them the most powerful chieftain in those parts, in hope of putting some limit to the exactions. The first Gifts may be called Peace Offerings. Their intention and effect is, to show that the strangers come with peaceful intentions, and need not be feared. The gifts which follow are mere exactions, extorted by rudeness on the one side from timidity on the other; but they have no moral end or pro-

priety. When, however, one powerful chieftain enters into an engagement with the colonists, that if they will make certain annual payments to him, he will secure them from being molested by any one else, these gifts are an acknowledgment or recompence for his *Protection*; and if he prove strong and faithful, he is gradually discerned to represent the State. The Rent paid to him is not strictly commercial, but political; nevertheless, it is not given for nothing, since quiet and undisputed possession is secured by it. If, however, the power of the natives declines, and that of colonists of the same race as the first increases, so that after a time the colonists can amply defend themselves, it is probable that they will at last refuse farther payment, feeling with good reason that the original grounds of it have vanished. Unfortunately, this almost always leads to a trial of strength. The habitual rent-receiver regards himself as cheated, when the payments stop, and he generally invades the colonists with violence. But if they succeed in repelling him, it becomes manifest that they need not pay him for protecting them, and that therefore he has no farther claims over them.

Gifts for Protection may be indifferently called Rent, Tribute, or Taxes; and if viewed economically, are a compensation, not for the land, but for the trouble and expense of defending the cultivator. When the State defends all property alike, and taxes all alike, no special burden will on this account rest on the cultivator of land.

Let me alter my supposition. After the colonist has held his land for some years, he removes, and occupies a different spot. A new colonist comes in, and seats himself on the vacated ground. Can we imagine the first occupant hereupon to send him word, *not to intrude on his private property, but go elsewhere?* I think not. The new comer would reply,—that empty ground is open to all; that the first was free to use, to occupy, to keep; but what he has left, he cannot keep. At the utmost he might hope to receive some thankoffering from the new comer, as soon as it proved convenient, as an acknowledgment for the advantage derived from his predecessor's labours. But any claim on his part to be regarded as *the owner of the soil*, would be treated with contempt. "What!" (the stranger would reply,) "did you create the earth? or why is it yours? You used it, while convenient; you abandoned it when convenient; and it is now mine, as much as it then was yours." —In short, it is clear that no man has or can have a natural right to *land*, except so long as he occupies it in person. His right is to the use, and to the use only. All other right is the creation of artificial Law.

But what if a settler were to forbid a stranger to occupy land within a mile of that which the former was cultivating, saying that he wished to keep this for galloping and hunting ground; or that he expected it would be useful to his children 20 years hence? This surely would be greedy usurpation,

not to be defended by the plea that he had set up marks, or run a light trench, to denote the extent of his intended park, or of his children's future estate. Where land is so abundant and so equally convenient, that each may exercise his caprice without inconvenience to others, even caprices may be respected; but none would be justified in thus excluding their neighbours from valuable sites. If any one who pleases is allowed to carve out a park in the wilderness; yet he cannot be allowed to take the riverside for it, so as to shut others out from its conveniences. Over Land that has never been subdued and improved by labour, no individual has any moral claim. Being wild, it is public.

Let me suppose that the English Crown, while it was the legal owner of vast tracts in interior America, gave away an estate ten miles square to some British subject, who succeeded in planting colonists on it, from whom he received some trifling rent. This rent they are willing to pay, in order to get security from molestation. Time goes on, and a political revolution overthrows all power of England in those districts. The increase of population and the industry of the farmers has gradually improved the farms; a new generation has succeeded; and now the representative of the first grantee,—calling himself *the owner of the soil* by gift of the King of England,—claims to raise the rents of the farmers, because of the increased value of the farms. Is this conceivable? In England, undoubtedly such things are done: but if not enacted

by a most peculiar state of law, it certainly would never suggest itself as right. In America, such a claim would be a signal to the farmers to pay no more rent. They would say: This man, who calls himself landowner, has done *nothing* for the soil. By favour of an old king, his predecessor was once invested with a nominal right over it; that right was worth something at the time, and it was paid for: it is worth nothing now, and we will pay no longer.

The moral claims of an actual tenant to be allowed undisturbed possession, are evidently valid against all strangers. The claims to Rent, on the part of one who calls himself landlord (whatever the full meaning of that term) can rest on only two grounds,—viz., 1, that he gives secure and undisputed possession, fulfilling herein the function of the State; or, 2, that he has spent capital on the soil in various forms, and is entitled to a remuneration for it. Where it is possible to discriminate the latter ground of claim, Economists will of course call the payment Profit, and the other part alone is called Rent. Here is a most inconvenient ambiguity, of which you must be aware. If a man spends £2000 on a house, and expects a payment of £140 a year from the tenant who is to live in it, he calls this House Rent; yet it is mere Profit on his capital. A part of nearly *all* agricultural rent is practically of this kind. The landlord keeps up the farmhouse and other necessary buildings, and sometimes even executes permanent improvements. The pay-

ment, however, which is made for these is not included in Rent, in the *specific* sense in which Economists use the word. And do not complain of them for this. They are in a difficulty, owing to the ambiguity of language. We want a new word, which is not found in common life, to denote that part of Agricultural rent which is not, and is not intended as profit for capital expended, but is barely an acknowledgment for the secure possession of a natural instrument. This, and this only, in future, I understand by Rent in the specific sense.

The nature of the case at once shows that *the State* is the only primary claimant of legitimate Rent; whether the State show itself in the person of a King, or of a powerful Baron, or of a democratic President. In the later, as much as in the earlier stages of human society, this conviction forces itself upon us. Imagine a continent like America to be gradually covered by tenant freeholders, each of whom is recognized *for the present* as absolute owner of the soil which he cultivates. You will yet see, that an increase of human population might hereafter take place, so great, that the law must refuse any longer to admit the right of the freeholders to be absolute. For to allow anything to become a complete private property, it must either be needless to human life, as jewels, or practically unlimited in quantity, as water, or brought into existence by human labour, as the most important kinds of food: and it is rather as a result of experience and wisdom, than by direct moral perception,

that we forbid all invasion of private property in food, even to alleviate public famine. Now, as water, which is ordinarily allowed to be private, becomes public property in time of siege, so soon as its quantity is painfully limited; and as the possessors of wells would then be indemnified for the expense of their well only and not for the water; so if at any time land becomes needed *to live upon*, the right of private possessors to withhold it comes to an end, and the State has merely to secure that they be liberally indemnified for their actual expenses, and for any fixed capital which they are made to yield up.

In fact, more than this principle is daily acted on by our legislature. Individuals are forced to yield up their land, and compensation is awarded to them by a neutral party, on reasons much slighter than necessity for life. It is thought convenient to the public to have a road or a canal or a railroad station; and the landholder is unceremoniously forced to give way. No doubt the compensation is generally not liberal merely, but lavish: that however is a question of detail. The matter of principle is, that the nation at pleasure resumes possession, and does not allow the holder of the land himself to fix his price.

Thus, as the result alike of history, of practical law and of moral reasoning, we elicit that an individual can never have absolute or sole right in land, that there is always some limitation of his rights, and a power of resumption reserved for the

State. In some countries, the rent of the landholder is determined by Custom; but if the Custom consist in a fixed fraction of the crop, it does not appear that that can be permanently desirable, except where the landlord's capital aids the cultivation. The critical matter is, whether the landlord has a right of ejecting one tenant, and putting in another. In English law he *has* this right, and this it is which has gradually enabled him to appear as the *landowner*. The right of ejection is probably that against which the Roman plebeians struggled so long; the enforcement of which virtually enabled the patricians to convert public land into their private property. As a consequence of the power of ejection the English landlords are able to raise the rent, if a farmer's labour have improved the land, and in a succession of many generations have systematically appropriated to themselves the fruits of their tenants' industry.

The injustices of the past have been very great, and they may yet suggest some political measures which it is not my place here to indicate: but we cannot give back to the true owners property which was theirs, and the law is forced to regard as the absolute property of the landlord the whole increased value which the soil has received from labour, in so far as this can be ascertained. The landlord no longer gives political protection, and seems scarcely to owe any political duties to the State. The moral justification of his rent is now found only in the commercial value which he or his

predecessors have *added* to the soil, by labour, manure, and other fixed capital. If the rent were strictly and solely a remuneration for this, it would be mere Profits of stock: but in fact it is almost always more than this, as I must now proceed to indicate.

“Rent,” says Adam Smith, “is the portion of the gains of the person employing the land, which *he finds it worth his while* to pay for its use.” No better definition has ever been given. But you will immediately see that two men differently circumstanced will find it worth their while to pay very differently for the use of the land. An Irishman who fears starvation if he has not a halfacre of potato ground, or an English townsman who desires a halfacre to keep a cow upon, for the luxury of good milk and butter, will be willing to give a far higher proportionate rent, than a farmer for 300 or 600 acres: and as land, especially on the outskirt of towns, is limited, the competition for it is severe, if the town be wealthy. There are thus at least four kinds of agricultural Rent, to be carefully kept apart in our minds:—Rent of land desired by cottiers as a security against starvation,—Rent of small pastures intended to minister to domestic luxury,—Rent of ground for market gardens close to a wealthy town,—and common farmer’s Rent: and besides all these, there is Ground Rent of buildings. This requires so much separate remark, that I must resume the topic in my next lecture. Generally, however, so much may be said: “When Rent is paid

by a *Capitalist* who is seeking an investment of money, and finds Land essential to his trade, then Rent is a certain excess of his gains above what he might expect from employing his money and time elsewhere." This is true, whether he be a Grazier or a Corn Grower, a market-gardener or a builder.

To exhibit more generally the principle, that excessive gains lead to Rent, I will suppose a man to have constructed a ship which sails so beautifully and obeys the helm so easily, as to need a less amount of sails and cordage, and fewer sailors to manage her, than other ships, and to perform her voyages to China in half the usual time, and with such safety as to cost only one-tenth of the ordinary insurance, and yet to carry more goods than usual, and carry them drier and less damaged. From all these advantages the owner would undoubtedly make large gains, if all prices beside remained the same. Suppose, now, that the efforts of shipbuilders to rival this ship totally failed: that her build was a matter of such delicate good luck, that science and practice were both at fault, so that she remained unparalleled. If so, the prices of her goods and of carriage would not be lowered by the competition of other ships, and the gains of the owner would be permanently high. I will imagine it to become notorious, that, after allowing for risk, to have *this* ship at one's disposal for a year, rather than another of the same apparent size, was as good as £1000 a year in a merchant's pocket. If so, here would be a peculiar redundancy of gain, which had no tendency to

equalization by the same law as other redundant profits; and if the owner were disposed to lend his ship for a year to a merchant, he would expect to receive an additional £1000, beyond the common payment. This excess we call RENT, whatever may chance to be its cause.

If a beautiful organ, like the Apollonicon, proved inimitable by other skill, and in consequence its melody commanded high Fancy Prices from the lovers of music, its maker might get extraordinary profits; and if he chose to let it out, he would receive virtual Rent. So, if (by undisputed custom) a duke has sole power of fishing in certain streams, where trout or salmon are abundant, and the taste of the rich for these fish makes the gains of the fishery permanently far higher than the average of common trade, the duke will be able to let out the fishery to advantage, and will receive Rent for it. Thus, in the large sense of the word Rent, we may apply it to any extraordinarily gainful machine, the use of which is transferable. But manufactured things being almost always imitable, do not permanently yield extraordinary profits; for they are exposed to competition, (except so far as they may be artificially defended by a Patent Right,) and the prices of their productions are at length reduced. Hence when we speak of Rent, we almost always have in view some natural advantage, as of a *place*, which enables its legal owner or holder to command high profits, and to claim Rent if he transfers these profits to another.

Suppose the island of Guernsey to be thickly peopled by wealthy manufacturers, and that the inhabitants are supplied with substantial food by purchase from beyond sea. If now the island, so far as it can be yielded to Agriculture, is divided by the State into dairy farms, it may prove worth while to private persons to pay Rent to the State for them. Why?—because the gains of the dairy farmer in such circumstances are large. But why so?—because so many wealthy persons desire cream, fresh butter, and other luxuries which cannot be imported, that the price of those things is high. But why does not the competition of the farmers against one another again lower the price?—because the power of the ground is very limited, and the market is necessarily undersupplied. Thus the fundamental reason of high gains of the farmer is found in his having a virtual monopoly. He has a market larger than he can possibly fill. Deficient supply makes high price and large gains; because of his large gains, he is able and willing to pay Rent; and it is therefore just for the State, as owner of the land, to exact it from him.

Thus, whatever the circumstances of the locality that produce excessive gain, Rent is a natural and fair consequence; fairest and most rightful, when it is levied for the uses of the community and not for a private landholder. It is not necessary to Rent that one farm be more productive than another, but that (in the average of years) the Capitalist shall have greater gains from the farm than he could have

expected by using his money and time in any other way accessible or acceptable to him.

Such is our first general view ; but in my next lecture I must follow it into many separate questions.

LECTURE VII.

The Laws of Rent and Tithe.

LET me resume Adam Smith's definition of Rent,—as the sum which the occupier of land *finds it worth his while* to pay for the use of it. On studying this statement, (the truth of which is self-evident,) we see two opposite and extreme sorts of tenants, whose power or will to pay Rent is governed by very different laws. On the one side the tenant may be a wealthy capitalist, who desires the land as an investment for his money; or, on the other, may be a needy cottier, who has half a year's store of food and a few rude tools, and who desires the land as essential to save him from starvation or beggary. If the capitalist farmer can come to no satisfactory bargain with this particular landlord, he can transport himself and his money into another county or to the opposite end of the island, and can search far and wide, by personal inspection, by advertisement, and by agency, until he finds a farm to suit him. But the cottier is virtually bound to the soil and dependent on one particular lord of the manor, or nearly so; for if he cannot suit his purse to the bailiff's demand, he has little chance of being accepted as a tenant on other estates where

he is unknown, unless indeed he has some peculiar superiority to the average of his class. Speaking, therefore, of the cottiers collectively, we may say that their power of industry hangs entirely on the good-will of their landlord and his bailiff. If ejected from their potato ground, it is true that some of them may find work for wages with neighbouring farmers; and if such farmers were numerous and wealthy, the pressure on the cottiers would be soon relieved. But when (as in Ireland) large districts exist, in which farmers rich enough to pay wages all the year round are very rare, and in which no great resource is found in manufacturing towns, there, it is nearly the truth to say, that a man regards it like a loss of his livelihood to lose his patch of land. He consequently *finds it worth his while* to give as much for it as he can give without starvation, rather than not get it; and will *promise* to pay more for it than it is possible for him to *perform*. The landlord is able to extract out of him so much as barely to leave him the means of vegetating, and, over and above, to keep him permanently in arrears of debt, by accepting from him engagements too high to be fulfilled.

Where the use of land is thus manifestly essential to the life of the community, it is an obvious maxim of political justice, that the Rent should be limited by law; old custom giving a rough index to the reasonable amount. The condition of things is Feudal, and the principle also of rent ought to

be Feudal. But the calamity of Ireland has been, that we have transferred to her the principle of Commercial Rent, determined by competition, which is just or expedient only in a much later stage of industrial development. Thus, in Ireland, poor labourers bid against one another for land, just as in England for wages; in which the Irishman has had a twofold disadvantage: *first*, that the land, for which he competes, does not grow larger with time, while the Capital which is to pay wages to the Englishman is perpetually increasing and has no limit; *secondly*, that the very misery of the Irishman has led to a far more rapid increase of the population. In such a state of things, cottier-rent is paid out of daily industry, not out of the gains of capital, and it is guided by no other law than that of swallowing up the whole result of industry, *minus* what is essential to sustain the lowest physical wants of the labourer. This is *exactly* like the state of slavery, or the condition of domestic animals. The cottier, the slave, the horse or ass, must all be fed and sheltered; whatever beyond this their labour produces, belongs to their master.

In the deficiency of potato grounds and of farm-wages experienced by the Irish cottier, some relief was sought in the system of *conacre*. Farmers who are not able to pay money wages underlet a patch of ground ready manured to a destitute peasant, who promises money-rent for its use, but in fact expects to cancel his money-debt by working

it out for nominal wages. If a large number of labourers were not thus provided for, the pressure of their competition for cottier land would assuredly become far more severe. But though the market is of course somewhat eased by this supplementary system, it would be an error to infer that the peasant who tills land on conacre is better off than one who has a potato ground from the superior landlord.

Some, indeed, are fond of attributing the miserable state of the peasant to *middlemen*. No doubt it is a sad aggravation of difficulty, when, by a series of contracts, so many persons have a *partial* right as landlords, that no one is responsible for evil or able to introduce improvement. But, as regards the absolute sum extracted from the tenant as rent for the land which he is to dig, it does not appear that there is any advantage in dealing with the headlandlord rather than with a middleman.

Such, however, is the one extreme sort of Rent,—extracted out of the necessities of the workman,—miserable to him, and not proportionably gainful to the landlord: for the labour of such tenants is inefficient, and their ability to pay small. On the other extreme is the Rent paid by a wealthy capitalist farmer, who takes a lease of 21 years. This is paid, not out of his necessities, but out of his abundance, and is the superfluity of his gains. These depend principally on his capital, not on his personal labour; or at least, it is the labour of his mind, his intelligent superintendence, that is to be

remunerated. Suppose him to have £5000 employed in his trade, and that on a particular farm, after paying all outgoings except Rent, there remains to him £1050. Suppose, farther, that in the open market of the world men of equal intelligence, and having about the same sum, and devoting the same amount of effort, would expect to make 12 per cent. of their money, or £600. He will thus have a surplus of £450 as an advantage presented to him by the farm: consequently, if he pay this as rent to the landlord he will not be worse off than traders or manufacturers in general.

The case, as here put, can never describe the exact form which the bargain takes in actual life:—for as the landlord cannot know what exact sum a farmer means to lay out, he cannot calculate the rent hereby. A clever farmer tries to get land that has not hitherto been well tilled, and which therefore has not hitherto been able to afford high rent. He offers an advance of rent, provided that the farm is secured to him for a long term, as 21 years: after this it is worth his while to sink a part of his capital in the soil, by manuring, hoeing, scarifying, and other operations, in the expectation of recovering it after five, six, and more years. Such processes confer on the land a new fertility, and enable the farmer to remunerate himself in spite of his payment of rent. This is popularly called High Farming.

But in Political Economy it has been usual, since Malthus and Ricardo, to illustrate the subject

of Rent by the very opposite case; that of Low Farming, and from the consideration of wheatland only.—Suppose, it is said, a first set of American farmers to have occupied all the best land of the country, and that it produces five quarters of wheat per acre, with very careless cultivation. Suppose after this the new settlers are forced to take up with inferior land, which with the same trouble yields only four quarters per acre. We may then, without economical absurdity, imagine the occupier of the best land to let it to some one who would be willing to pay the surplus 1 quarter per acre as rent. Let the increase of population go on, until the demand for food and rise of price makes it worth while to cultivate still worse land, such as yields three quarters per acre: then those who possess the second sort may receive as rent one quarter per acre, and those who have the best land may get two quarters as rent. And so the process may continue; the worst land cultivated will pay no rent, and the best will pay as rent its excess over the worst.

This may be not uninstruative, as illustrating how the successive depressing of the average gains in an agricultural community tends to generate and increase Rent; but it is very untrue as a representation of the real state of an advanced country. In fact, it assumes that wheat is the only agricultural product, and that the value of land is to be measured by capacity of producing it. But this is an entire fiction. There are such things as dairy farms; there are market gardens, orchards, vine-

yards, copses, and shooting grounds ; there are mulberrytrees for the silkworm, there is flax, barley, oats, and in hotter climates an infinity of other productions. It is incorrect to call land absolutely best, or absolutely of the second, third, fourth quality, merely by considering its capacity for wheat. A piece of thin soil quite unproductive of wheat, might chance to bear grapes of so exquisite a flavour that the gains of the planter would surpass those from the best wheatland of the same size ; in which case the vineyard will pay a high rent. Nor is this all ; but the more productive is the wheaten land of a country, and the more abundant the supply from it, the more valuable does the other land become which can produce higher luxuries. Following the letter of the above theory, if there are three sorts of land capable of producing with equal human effort six, five, four quarters of wheat per acre, and the cultivation of the two better sorts suffices to feed the community, then the best pays 1 quarter per acre as Rent, the second sort pays nothing, and the worst cannot be cultivated. Yet, in fact, this which he calls the worst might pay for dairies as much rent as the best for wheat. And if a great improvement in agriculture, outrunning population, were to cheapen the wheat, the dairyland might begin to pay by far the best of all, and portions of the second sort of land, if cultivated for flax or tobacco, might chance to yield higher Rent than the best wheatland.

If we recur to Adam Smith's definition of Rent,

and farther ask, how much a capitalist farmer *will* "find it worth his while" to pay, the reply is,— "He will be willing to pay so much as will leave to him the average gain expected *by men of his class*, his education, and his capital:" but it remains uncertain whether this is identical with the average gains of manufacturers, shopkeepers, or merchants of similar standing. How the case may be with the few leading capitalist farmers, it is hard to conjecture; but, looking to the majority of those farmers who are not indigent and who must certainly be called Capitalists, we must judge that the love of a country life makes them (on a permanent average) satisfied with *less* gain than might have been expected in other businesses from the same capital. Nor is this at all to be wondered at, when we compare the ease, and almost idleness, of many farmers with the indefatigable attentions of tradesmen in the towns. Many a farmer finds time to hunt and to course habitually, and gives but a fraction of his time to active business.

The fresh air of the country is healthier than a close counting-house, the facility of keeping riding horses is an allurements; and while a disproportionate number are ever flocking into the farmer's business, those who are brought up as farmers feel an insuperable repugnance and inability for the slavery of a town life; hence there is no relief to their numbers but by emigration. Assuming, then, that on the whole a farmer's capital receives less profits

than those of a shopkeeper of equal wealth, we have two propositions, which stand thus :

A Farmer's average profits are *less than*, but *rise and fall with*, the average profits of Shopkeepers, &c.

Landlord's Rent is equal to Farmer's total gains, *minus* Farmer's expected average profits.

Hence, if other things remain unchanged, the Rent is highest when Average Profits in the different classes of the community are lowest. Evidently, Rent rises highest, where there is a rich community of customers, large capital spent on land, and a low rate of common profit : all these conditions are fulfilled in England, and seem likely to become more intense with the progress of time.

Out of this rise the interesting questions,—Is Rent a burden on the community? Is it a payment extracted from purchasers? Is it an element which determines prices?—To answer these questions I must devote some attention.

In one sense, undoubtedly all Rent received by private persons for no value bestowed by them on the land, is a loss to the community ; namely, it is a public fund which has been unthriftilly alienated. But it may so happen, that, in comparison with a centralized despotism over land, the Political advantage of private possession overpowers the Economical disadvantage, as I have already observed concerning the Permanent Settlement in

India. If the central government in any large nation has possession of the land so as to be able to raise rents and eject tenants, it will either give intensity to despotism, as in India, or lead to jobbery as in regard to the Public Land of the Romans and our own Crown Lands. Still, these are not the only possible arrangements. Every parish corporation might hold its own lands, and every town; and a certain percentage of their rents might be payable to the Crown for the general government: yet the management might rest with each corporation; and with a free municipal system, if there *were* some jobbery, still much would be saved for public uses, where there is nothing saved now. In some of the Swiss cantons this is, I believe, substantially the mode of letting land, the corporate canton representing the landlord. Until some such arrangement be proved impossible in England, I think it must be admitted that we have unwisely alienated a vast and ever-increasing revenue; and of course the community is taxed to make up for the loss, or otherwise goes without advantages that might have been had.

But to maintain this, is not to maintain that Rent raises Prices. It may be, that because Prices will and must be high, therefore there is Rent; and that a mere abolition of Rent by law would not lower Price, but would only transfer the Rent from the landlord's pocket to the farmer's. This is the general belief of English Economists, since Malthus and Ricardo. It was assumed, erroneously, I think,

that all the land was cultivated which at existing prices it was worth while to cultivate, including that which was so inferior that absolutely no rent could be paid upon it: if, therefore, rent were abolished, no more soil could be tilled, no more food could be produced, and prices would not fall. The farmer would appropriate the rent which the landlord takes now. Rent, therefore, is an effect of high price, but in no respect a cause. It was inferred, that the power possessed over the soil by the landlords was not an infliction on the consumer of agricultural produce.

I fully admit that the monopoly of the soil possessed by our landlords has been so broken down since the freer importation of foreign food, that henceforward the English provision-market cannot be much affected, in the long run, by any faults or caprices of the rentowner. But as a question of science, or indeed of history, we may ask, "May not the landlords of a limited and wellpeopled island raise prices in the market, and did not the English landlords do this before 1846, by their power of insisting on Rent?" I think they did. Our enormous increase of consumption in 1848, 49, 50, shows that we were previously underfed, and that prices were forced up by the deficiency of supply. These high prices (it is urged) *caused*, and were not *caused* by, high rent on wheaten lands: granted: but, if I mistake not, it was the landlord's power of restricting cultivation that kept the supply deficient and *sustained* the high prices,—not, indeed, to the full,

yet considerably. The Ricardo argument, which J. Stuart Mill adopts, turns on the assumption that the power of demanding rent can in no case of real life diminish supply. But why not?

There are very considerable tracts which would immediately have been cultivated if no rent could have been demanded for them, but which were artificially kept vacant, either because landlords could let them advantageously as shooting ground, or because they prefer the pleasure of seeing a romantic wilderness to the petty and nominal rent which alone they could get by allowing them to be cultivated. (For the present I take no notice of Tithes.) Now if this be admitted, it will follow that a free right to cultivate without rent even the tracts hitherto wild would at once have led to a larger supply of food. In fact, if the abolition of rent had been universal, the lowering of price from the increased supply would not have induced the farmers of the old land to lessen their production until the fall had been very great; the new land would quickly improve by cultivation; and the appetite of the public has been shown equal to devour an enormous increase of quantity.

Much more does it seem probable that this increase of supply would have followed the destruction of the landlord's power, if the effects of spade husbandry and small holdings be considered. At present it is notorious that landlords can extract three or four times as much rent for small *allotments* of land, as any farmer would pay; apparently,

because so many poor families could cultivate these out of energies which now go to waste, as far as Economy is concerned. Spare hours, and aid from children and wife, suffice without new capital or diminution of other labour to make such plots productive. If, therefore, instead of rescinding the cornlaws, we suppose, for argument's sake, that the land had been made free to all, this would have increased the quantity and have lowered the price of the most necessary food, just as foreign importation has done. The power, therefore, of insisting on rent seems to me to *tend* to make the necessaries of life dearer. It enables landlords to tighten their monopoly by keeping land idle.

Still more clearly does it seem to be true, that Building Rents are often a burden on the community, especially in the outskirts of towns. In the centre, indeed, of a trading town, near the Exchange and the Post Office, land is necessarily so limited and so coveted as a means of gain, that a high house-rent could perhaps always be obtained; and if the ground-owner is not allowed to take it, the builder will get it. In this instance the ground-rent is an effect, not a cause of high price. We cannot murmur against the existence of such ground-rent, however high, but only at the scandal of its having been wantonly granted away to private persons, instead of reserving it by law as a town property. But on the outskirts of towns the land is far more extensive, and need not be dear. Yet, even if there be plenty for all, still when large

strips belong to single landlords, their monopoly enables them to force prices up, especially as the principal houses on their ground are built for enjoyment not for trade.—For instance, in London, if instead of a single nobleman possessing a large area of land, say from Russell Square northward, builders had been free to erect rows of houses (in certain approved directions) without liability to ground-rent and without forfeiting the houses themselves (as they do now) when the ground-lease terminates, the builders would not have been able, fifty and a hundred years ago, to strain up the prices to the heights they actually have reached, and so appropriate to themselves what the landlord has now taken. For if they had attempted this, the abundance of building land would have tempted and enabled other builders to undersell them. Thus prices in past generations would have ranged lower, and when, through the increase of population, the demand increased, other things remaining the same, the population would have spread, just as now, on to more and more remote areas ; with the sole difference that house-rent would be lower, first, by the amount of ground-rent, secondly, by the fact that the builder would no longer part with the house to a stranger after 100 or 63 years.

A perfectly similar case to this is that of Sea Side ground-rents. Some traveller who loves the picturesque discovers a pleasant line of coast, a mile or two long, where sea and rock or mountain blend delightfully. He reveals his secret to a few

friends in an inland populous town, and they go together to spend some summer weeks there. The report of the beauty of the place spreads: the visitors need more accommodation than the rude scanty houses afford them, and builders plan to erect new ones. In steps the lord of the manor, and demands of them not only ten times as much ground-rent as was ever before dreamed of, but also that the houses themselves shall become his, when the building lease ends. To such terms, of course, the builders could not accede, unless they were able to count on high payment from the visitors. Now comes our question: Would they in any case have extracted this same payment, even if there had been no landlord? would they merely have kept themselves what they now give to him? I think, *not*. For a couple of miles of coast, if open (under a few restrictions) to all builders, will hold so many houses, that, unless it were of supreme and unparalleled beauty, it would be long indeed before the pressure of visitors would force the prices up. The builders could not aim at inordinate gain without the certainty of stimulating building beyond the demand; and it is not likely that any such greediness would be attempted. The builders would seek (then, as now) to set their prices so as to get a handsome average profit, and that is all. But the landlord artificially increases their costs, and thereby throws a new charge on the public.

A reply is attempted, by saying, that "*ultimately*, when the pressure of visitors had begun to exhaust

all the favourable sites, the builders or houseowners would extract and appropriate the same rent as the landlord now." But there is a fallacy in this word *ultimately*. True, it concedes, that *until* the ultimate state comes, our argument is correct; which is in fact all the concession that we need; for there would be *no* such ultimate state anywhere within prospect, but for the power of landlords. Whenever an incipient rise of house-rent was discerned, some new watering-place would begin to be frequented, and the flow of visitors would be diverted; but *now*, there is no such relief; for every place has a lord of the manor, whose expectations and demands rise, the moment that he perceives a chance that his strip of coast may attract visitors.

It therefore appears to me that Rent, involving always more or less the principle of monopoly, is apt to raise prices, and fall on the consumer, to a degree beyond that which English Economists since Ricardo have been willing to admit. The landlord in fact appropriates to himself not land only, but pure air, pure water, the sight of the sea and the mountains; and taxes all who desire to enjoy them.

But I return to Agricultural Rent. It has appeared that there are in theory *two extremes* among Rent payers:—the cottier, who has no capital, who needs land for life, and who pays out of his personal earnings; and the capitalist farmer, whose gains we reckon from his capital, his personal labour not increasing much with his capital and its gains. But, if I mistake not, a majority of our actual

farmers lie between these two extremes, and partake of both. Many of them have capital so small, that its profits bear too small a proportion to the salary of their personal service: they have little credit, to enable them to borrow the capital of others; the law of distraint makes it dangerous to lend to them; their capital, their knowledge, and their experience are suited only to *low* farming; and as they are quite unable to turn to a town life, they look on a farm as necessary to their existence, as much as the cottier looks to his potato ground. Hence, except where knowledge and connexions lead them to the generally painful resource of emigrating, they consent to pay any rent which will allow them to live in something like their usual habits, even though they get no appreciable return for their capital, but barely what might be their salary as bailiffs. To how large a proportion of English farmers this description justly applies, it is not essential for me here to decide. It suffices to indicate that this is the probable and ostensible position of a large number, *between* the two extremes.

The mixture of the two systems, Feudal and Commercial, mark the present as a system of transition, and constitute its extreme difficulty. While things so heterogeneous lie side by side in the market, legislation would increase the confusion, for it can proceed on no clear principle. To go back towards Feudal relations would be a futile attempt, if desirable; and if the relations must be Commer-

cial, it remains that the farmers must fight their own battle*, as all other manufacturers do; and if their numbers are at present redundant, so that they ruin one another, emigrate to the colonies with their capital before it is lost.

But besides the landlord's rent, there is Tithe or its equivalent to be paid: and this very important subject needs special explanation.

In a rude state of agriculture, a tithe or some other fraction of the produce is (as I have said) the most natural and unoppressive kind of rent. One who cultivates with his own hands rich, perhaps virgin soil, by merely scratching it and casting seed, may reap a most abundant harvest. To such a farmer it is no hardship to yield up even a quarter of the produce for rent. Suppose his seed to be multiplied forty fold: the landlord or State which demands of him a fourth part, still leaves him an increase of thirty fold; and as his tools are few and rude, and he has nothing to pay in wages, an ample remuneration remains to him.

But the poorer the soil and the more need the farmer finds of spending capital upon it, for agricultural tools, cattle and cattle food, for manure and for men's wages,—the greater the burden of a tithe

* The law of Distraint should be removed, as defrauding a farmer's other creditors in favour of his landlord, as increasing his difficulty in borrowing money, and as accustoming the farmer erroneously to regard his debt for rent as something more sacred than other debts. The Game Laws are also a monstrous and indefensible infliction on farmers; but until they unanimously take courage to claim their abolition, they will not be abolished.

becomes. Suppose the expense of these things, added to that of seed, so great, that, after deducting them all from the value of the crop, the farmer finds every £100 of capital which he possessed at the beginning of the year to be turned into £110. If, now, the landlord or the State were to exact of him one-tenth of his clear profit, this would take away £11 out of his £110, and leave him £99 : so that, instead of gaining £10 per cent., he would have lost £1 per cent. by his year's labour. The tithe, you must observe, is not levied on his clear profit, but on his gross produce. The vastness of the difference may be best understood by an actual illustration from high farming.

YEARLY EXPENDITURE*.

	£
Rent	843
Wages	1690
Manure	686
Tradesmen's Bills	353
Taxes	150
Seed	150
Insurance, Losses, &c.	100
Grains for Cows	100
	<hr/>
	£4072
	<hr/>

* In the real bill from which this is extracted, Rent and Tithe are blended, and the farmer does not tell for what he sold his crop. The charge for Tithe being no longer a real tithe, I have been forced to alter this part of the bill, for the sake of illustration.

Imagine the farmer to sell his total produce at £4560, which gives him a profit of £488, or 12 per cent. on his capital expended. But now suppose a demand of tithe is made: this is a tenth of the total £4560, not of his gain £488: thus £456 is deducted from him; which will leave him only £32 as the fruit of his year's labour and profit of £4072.

To make it worth his while to cultivate at this rate, if he is to pay tithe, it is essential that his total produce should sell for £5066; then the tithe £506 being deducted, there remains for him £4560. By following out this principle, it is easy to form an idea of the mass of land which a tithe may exclude from cultivation. Suppose that Capitalist Farmers expect 10 per cent. for their money, (and if any other percentage be assumed, it will not affect the general result,)—we then see that on tithed land they will need to get nearly 23 per cent. before it is worth their while to cultivate. For of the £123 which their £100 produces, £12 6s. is taken away by the tithe; leaving little more than £110. But if the produce becomes as small as £122 for every £100, the farmer's portion is LESS than £110, which (we suppose) is the least sum that he ought to receive. Hence, even if no rent be asked of him, his liability to tithe might keep out of cultivation all the land which would return between 23 per cent. and 10 per cent.; surely a very large fraction, until dense population produces scarcity prices.—A similar computation, however, applies even to land which *is* cultivated. For it is manifest that the very best

land has some limit to its productiveness; hence when we draw near to this limit, our efforts meet with less and less reward. Suppose that a field can by no known skill and labour be made to yield above 20 quarters in the very best season: we may then be sure that the last 5 quarters are extracted from it with disproportionate effort. Possibly 10 quarters are obtained economically enough; but 5 more with greater expense, 3 more with still greater, 1 with greater yet, and the last most expensively of all. We now see, that if there were no tithe, the farmer might go on to spend as long as his money returned 10 per cent., but the tithe will not let him spend except when it yields nearly 23 per cent. It therefore forbids even on old lands all application of capital which would yield between 10 and 23; supposing 10 to be the least which contents the farmer. Thus the tithe weighed heavily on high farming.

In very low farming, the soil does so much without human aid, that a large fraction of the crop is easily spared; but in high farming, where the ground is little else than a place on which the farmer deposits the fructifying materials which he has purchased, the tithe is really taken from his capital. Hence, no long time back, before the Tithe Commutation Act, a farmer who put lime or bonedust or other manure on his fields used to look bitterly at every cart which carried the valuable load, and think or say, One-tenth part of that load is to be taken away from me by the parson! There is an obvious justice in making the rent pro-

portional to the produce, when the produce measures the natural fertility of the soil; but as obvious an injustice in it, when the produce is increased only by the capital or labour and skill of the tenant.

The question now rises, "Who bears the burden of tithe?"—We do not sufficiently know the details of the original history to answer this, in respect to early times. Four possible answers to the question might be given: "1. the landlords; 2. the farmers; 3. the consumers of agricultural produce; 4. the property-holders in general; namely, if wages were raised with the price of food, and profits therefore fell, or prices rose." Tithes are so very old an enactment, that the last solution would probably have been the nearest to truth, if *all* the land had been tithed, and no foreign produce sold in our market.—Suppose tithes suddenly introduced; farmers would unanimously demand ten shillings instead of nine in every sale, to indemnify themselves for losing one-tenth of all produce. If *all* consumers were rich enough to pay this, consumption would not be checked. Labourers, however, would try to raise their wages to make up* for the increased price of food, and would in part succeed: thus the cost of production being raised in all other things, either profits must fall, or (what is impossible) all prices must rise in the ratio of the increased wages. The nation has been taxed for the benefit of the titheowner;

* This does not necessarily mean in so high a ratio as 9 to 10. If the food of a family consumes only *half* its income, from 9 to 9½ is a sufficient rise of wages.

and, since some one must suffer, the burden must ultimately be distributed upon the capital and property-holders of the community, *if* the mass of the people manages to feed as well as before. If a less costly food must become commoner, or the poor eat more stintedly, produce would fall in price, and rents might at length be affected; so that the landlord, like capitalists, would bear a share of the tithe. Which of all these would happen, I do not think we have the means of deciding.——But when the system was more than eight centuries old, and about *half* the produce sold in our market was tithed,—the burden undoubtedly fell partly on the tithed landlords, (whose rent was depressed by it,) and partly on the whole property of the community, who paid * rather more for everything or else got rather less profit in every business, because the cost of maintaining workmen was greater. Tithes being a system spread over all Europe, we could not get light on these results by contrasting two independent markets similar in other things, but differing in tithe only. But in the former half of the past century England seems to have enjoyed so much abundance, that no one can say that the tithe then repressed eating, and fell on the vital powers of the labourer: it was clearly sustained out of the property of all who had any superfluity. The landlord of an untithed estate made the absence of tithe a reason for demanding

* Ramsay and Mill offer proof that a universal proportionate increase of wages would not alter prices. Nor would it, I believe, if all things sold were equally necessary.

higher rent; this assures us that if tithe had been rescinded, *other* landlords also would have been able to raise their rent more or less; possibly even to the amount of the tithe, aided by their semifeudal position and by the slowness of the farmers. But ultimately, the rescinding of tithe must have brought about a disproportionate increase of cultivation and cheapness of food. In any case, I believe, rents would somewhat have fallen, unless new changes be supposed.

The only general conclusions which I am able to arrive at are these:—If we fed exclusively on native produce, *all* tithed, and had continued to do so for many centuries, and were all well fed,—the tithe would be paid out of the superfluities of the whole community. If *part* only of the produce were tithed, the landlords of this part would get less rent, and the landlords of the untithed part more rent, than if there had been no tithe.—The larger the portion untithed, the more the remaining burden is taken off the shoulders of the community and placed upon landlord or farmer. Of course if the farmer had fair play, no part of the tithe could fall upon him any more than on other members of the nation, but whatever burden came on “the land” (as it is called) would solely lessen the surplus which is the landlord’s rent.

Originally, no doubt, it was the landlord who alienated the tithe from his successors; and it was conceived of as a diminution of *his* dues. No one imagined that it would or could fall on the farmer or

on the consumer of agricultural produce; but it was regarded as a pious sacrifice made to the Church on the part of the landlord: and in an age when all legal mysteries rested with the clergy, the illegality of such bequeathments and deeds, made by private persons who had only a life-interest in their estates, was winked at, and the piety of the deed applauded, until custom sanctioned it and it became law. Yet manifestly it was a great usurpation, even if the donors had had a perpetual right over the land. If any landlord of tithe-free estates were now by will to declare that the half of their gross produce should in future for ever be given to Durham University, either a Court of Equity, or at least a Declaratory Act of Parliament, would speedily overrule such a settlement. But why? Not because a landlord may not give his property to Durham University, but because this landlord is giving away what is *not* his own, viz., the gross produce which the industry of future tenants may create on his estates. The *rent* is his, but not the *crop*.—If his will took the form of forbidding his successors ever to let the land without a covenant that the tenant should so appropriate the half of the crop, this would amount to prohibiting altogether the cultivation of the land, and for that reason also such a will ought to be pronounced invalid. Now, although it is not so manifest at first sight, it is no less true, that land may be kept barren and useless by a tithe, as well as by confiscating the halfcrop; and that which is in some sense cultivated must be kept worse cultivated

and partially barren, if tithe is demanded. Thus to devote the tithe to the Church was an act of piety, of the same tendency as to consecrate land in Greek fashion to the infernal goddesses.

Our farmers and landlords began to understand the intrinsic mischief of Tithe from the time that the enclosure of new lands became general; and after fifty years' preparation of public opinion the Tithe Commutation Act was passed. Instead of a Tithe, each parish now pays for ever a fixed corn-rent, such or such a number of bushels of wheat, barley, oats. Henceforward, the payment does not increase with the farmer's increase of diligence and expense; high farming is, therefore, no longer discouraged by it. On the contrary, now, any return to low farming is strongly forbidden by the commuted tithe; and this may be a serious aggravation of difficulty to the weakest part of our farmers. For the quantity of corn to be paid for tithe was fixed by a computation founded on the results of a period, in which scarcity-prices stimulated the growth of wheat on unsuitable soils. In a free system, now that corn comes in abundantly from abroad, the high cultivation of these soils ought to give way. If they could not be conveniently used for other crops, low farming would take the place of high. But as the rentcharge for tithe is fixed, to lessen the crop is to make the charge more severely felt. The only mode of alleviating the tithecharge is to produce largely; and as the payment is virtually one of corn, the prices are (as far as this charge is concerned) un-

important to the farmer, as soon as the averages have become equitable. When, however, it is necessary to change the nature of the crop, because the soil ought never to have been cultivated for wheat, the farmer whose routine of experience fails him, and who is destitute of science and general principles, is surely in a deplorable position.

At the same time, it seems to be unreasonable in farmers to blame the tithe, (that is, the rentcharge which is in place of tithe,) as long as they agree over and above to pay rent; except, indeed, where it can be shown that the payment to the landlord is mere profit due to him for money expended on the estate, or for the dwelling-house and farm-buildings. To this he has an undoubted right, but to this only, prior to the right of the titheowner. Not until his rent is reduced to this limit, will the farmer have any ground of claiming exemption from tithe where exemption might most fairly be claimed, that is, on the lands enclosed during high prices.

Concerning Importation I must afterwards speak more distinctly. Suffice it here to add, that as the increase of tithe-free land throws a larger and larger fraction of the tithe on to the landlord or farmer, so the introduction of food from abroad, which (for whatever reason) is cheaper than our own has been, exceedingly assists this process. If tithe were totally removed, I presume that food would be somewhat cheaper still; and if so, the consumer or the community still bears a part of it. But with the development of foreign importation this part will get

less and less, so that the charge for tithe will be almost entirely *a deduction from rent*, as was intended by the old barons who originally bequeathed it.

ON THE THEORY OF RENT COMMONLY CALLED
RICARDO'S.

RENT, according to this theory, is the excess of gain yielded by good or favourably situated land over the worst or worst situated of all the lands, the produce of which is sold in the same market: whence it follows that the worst land pays no rent.—When to this it is objected that the inferior land not only does not cause rent on the superior, but limits its amount, we are told that there is *another* view of Rent equally true and still more instructive; viz., that Rent is the excess of gain yielded by the most profitable of the capitals applied to land, over the least profitable.

This is closely connected with the doctrine, that the permanent average price of corn must needs be the true Cost-price of that which is produced under the most *unfavourable* circumstances, and which, therefore (we are told), pays no rent. It follows that a permanent scarcity-price is an impossibility except in cases merely hypothetical and quite unreal (J. Stuart Mill, book 3, ch. 5, sect. 2. p. 560).

The whole doctrine here propounded is too intangible to be either verified or disproved by appeal to direct fact; and there seems to me extreme danger of verbal controversy. We know that when food is deficient, none willingly lessen their consumption, and that *the price rises in a higher ratio than the deficiency*. This is popularly called a Scarcity Price, and I think justly. If, then, we admit (what must be admitted) that from 1837 to 1847 the English people had not as much to eat as they would gladly have eaten if they could have got it, we surely must believe that for those 11

years a *permanent* scarcity-price continued, and showed no tendency to abate. But if I understand Mr. Mill, he would reason thus. "The fact of the price not having fallen, proves that *some part* of the supply (namely that raised under the *least* favourable circumstances) was barely remunerated by that high price ; which can only have just paid the Cost of Production to *that* part of the supply. Hence the price was not a scarcity-price."—According to this, there is no test of a scarcity-price except the recency of a rise. Indeed, even in a famine, when bread sells for three times as much as usual, and thousands are actually starving, who will assure us that there are not hundreds of sheaves of wheat which barely pay the cost of production to negligent or unskilful cultivators ? If the market were at 90s. a quarter, and a farmer exhibited his books to us, and showed that on some of his fields this price only just remunerated him, would this lead us to deny that 90s. is a scarcity-price ! Until there is far more equality of skill in our farmers, and the tenure and use of land has more commercial freedom, it is hard to give scientific accuracy to any of our expressions ; and longdrawn general reasonings are extremely deceptive.

The Ricardo theory (excepting its apparent undue stress on wheat) must become true, I apprehend, in a *limiting* ideal state, when the landed system shall in all its parts be as rapidly moving and fluid, as it is now rigid and slow. But its proof seems to require the concession of a great many postulates, most of which are approximately true in general trade, but all of them false as applied to agriculture. Such are the following :—

1. Every producer distinctly knows how much he gains and how much he loses on each separate article, and will try to produce more of the more profitable and less of the less.
2. Every producer can find other investments for his capital than in his own business, if parts of that business are less profitable than ordinary trade.

3. Every producer can get an increase of capital by loan or partnership, if his business is more than usually gainful; or if not, yet an unlimited number of rival producers can enter it.

4. Every producer can invest capital in his business, with a fair prospect that its gains will be his own.

5. Capital moves so freely from trade to trade, and from county to county, that there cannot be a permanent difference of profit to it in different trades or counties.

6. Every producer can use all the parts of his premises for whatever purpose he pleases, and arrange the processes in whatever way he pleases.

7. Every producer can abandon his trade and carry his capital elsewhere, if he finds too many rivals in it. (This is but very partially true in any trade; and the undue assumption vitiates many arguments of Economists.)

8. Rent is estimated, not as a necessary item in the Cost of Production, but as a surplus which can be afforded without loss. (Only our first-rate Capitalist Farmers, I apprehend, really thus estimate it. The majority deal with the Rent of a farm, just as a shopkeeper with his shopfronting and his taxes;—i.e. treat them as inevitable and fixed expenses. The farmers have notoriously expected Parliament so to manage the price of food, as to enable them to pay rent, instead of claiming that rent should be adapted to their surplus.)

While we see neighbouring farms differ in agricultural skill so much, that they might belong to different centuries, it is idle to regard them as organic parts of one self-regulating system. If a manufacturer differed from a rival manufacturer in skill, and in attention both to his ledger and to the processes of his art, as much as a farmer differs from a farmer, we should safely predict that the ignorant and careless manufacturer would be ruined. But we know this has not necessarily been the case with the farmer. The economic forces have been artificially fenced out from agriculture; and to apply the Ricardo theory of Cost Price and

Rent to English agriculture as it has been, and indeed still is, seems to me like applying a general theory of the tides to the level of waters held up by locks.

I may add ;—when the Ricardo school deny the possibility of a permanent scarcity-price of wheat, they are obliged to argue that “*if it existed for a while, it would necessarily stimulate production to such an extent, as presently to lower the market, until, on every sort of land, the worst remunerated capital received only the lowest profit for which it could be employed.*” But this is to assume that capital flows freely from trade into agriculture. A commoner result is, that the farmer, having no secure tenure, cannot borrow money ; hence *unusually high gains do not draw large capital into his business, but only make him less resist the exaction of high rent* ; unless, indeed, the price has risen so suddenly and so high, as to enrich the farmers before their leases end, give them a new credit with monied men, and enable them to pay as high an interest as the trading community. This extreme case *will* stimulate cultivation, no doubt ; but, short of this, it may seem that low prices are stronger persuasions than high, not only to economic, but to productive cultivation.

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LECTURE VIII.

On various Tenures of Land.—On Foreign Commerce and
Emigration.

§ 1. ON VARIOUS TENURES OF LAND.

IN my last lecture I spoke of Agricultural Rent generically, under two extreme cases, that of the Cottier, and that of the Capitalist Farmer, both existing in eminent types in the same Britannic kingdom. But over a large part of the world neither extreme is known ; and I must briefly indicate other varieties in the tenure of land.

In North America the farmers have their land almost always in freehold, subject only to a moderate fixed money-payment in the United States, which is a tax or rent incapable of increase. Thus the farmer is virtually his own landlord. As land is abundant, and watercarriage excellent, the farming is *low* and profits are *high*. No unsuitable land being forced into cultivation, labour is highly productive. Hence the farmer can at once sell cheap, pay high wages, and get high profits ; so the consumer, the daylabourer, and the farmer are all at once well off. This seems to be the most flourishing possible state of a nation. And as they have at once the rude abundance of barbarism and the transmitted mental culture of old Europe, there is

good hope that their prosperity will be permanent. For the ease of getting a livelihood enables the poorest to allow full time for his children's education; and in the United States the fear felt by the rich for an *unenlightened* democracy combines with the ambition of the poorest for their children's future elevation, to give efficiency to the public schools. Hence in half a century more their lowest classes will be educated to a pitch that the world has never yet seen; and this is the only guarantee that they will not relapse into the state of the Old World, when their population has so increased that land becomes scarce.

In France as many as $2\frac{1}{2}$ millions of proprietors cultivate about half of the soil as freehold, in farms which principally lie between the size of five acres and eight acres and a half. The proprietors pay about tenpence an acre every year to the Government. Consequently with a fine soil and climate, they are able to be very well off; and where they are embarrassed, it is from secondary causes. Many, it seems, have purchased their land with borrowed money, have bought it very dear, and are burdened with a heavy mortgage. This must ruin their whole position. The coveting of land in such a people is an intense passion; and the little proprietor, as much as our English squire, is prone to the vice of borrowing in order to buy. Apparently the law ought to disallow all mortgages on landed estates below a certain magnitude or value, and all mortgaging higher than a certain percentage of the

value. But the French law not only, like our own, recognizes all mortgages, whatever the absolute or relative smallness of the property, but over and above creates evil by strictly enforcing the equal subdivision of estates among children; to such an extent, that if several fields belonging to a father are of different quality, each must separately be divided between the children. A vicious doctrine of mercantile Protection meanwhile cripples the commercial development of France, and a centralized Government perpetuates political ignorance. It is an obvious inconvenience of small freeholds, that even a slow increase of population cannot be supported on the same area, and the legally enforced subdivision adds strength to the natural unwillingness of children to look out for a new mode of subsistence.—There has been some controversy, of late, concerning the state of these French proprietors; and those who hate everything French have represented their state as deplorable indeed. Mr. J. Stuart Mill contends, that though the mortgages must embarrass many individuals exceedingly, yet as the *average* of all the mortgages is less than 5 shillings an acre, the burden is not absolutely a great one. There appears to be no doubt whatever, that the French small proprietors and peasants of every kind are at this moment immeasurably better off than they were under Louis XIV., XV., XVI.; or that their state is an enviable one to an Irish cottier.

In Norway, Rhenish Germany, Holland, and

Belgium, peasant freeholds abound as in France ; but there is no law of forced subdivision, the mortgages are not burdensome, and the cultivation is better ; that of Belgium being celebrated for its excellence, in consequence of which the worst soils rapidly improve and approximate to the best. In all the very successful cases of small properties, the labour of the family is unremitting ; and apparently the most formidable objection to this kind of life, if it is to become widely spread in a nation, is, that it converts the wife and children into drudges, who have no time to learn or practise the higher arts which elevate and sweeten home.

In Italy a system of tenure prevails which we call the *métayer*. In it, the proprietor takes (about) *half* the gross produce as rent, but at the same time furnishes the cultivator with the cattle and seed, in whole or in part : he also pays all the government taxes. If we compare him with the English landlord, he may seem to take rent in its worst form, since the halfcrop is far more formidable than a tithe ; and the first inference that rises is, that this must be most hurtful to the cultivation. In old France the nobility paid no taxes, but threw all on the peasant : there, in consequence, the effect of the *métayer* system was seen to the worst ; and nearly all English writers until J. Stuart Mill had no word to say in favour of it. But in Lombardy, Piedmont, and Tuscany the united and ample testimony of MM. Châteauevieux and Sismondi shows that where there is a good moral understanding

between the proprietor and labourer, the métayer system may produce results which English peasants would envy.

It is not fair to compare the métayer proprietor with the English landlord, and the métayer labourer with the English farmer: for to what then in Italy would the English peasant correspond? But the English peasant must be compared with the métayer cultivator, the English Capitalist farmer with the métayer proprietor, and the English landlord with the Italian State-power which demands a landtax. To throw the taxes on the cultivators, would be like making our peasants pay the landlord's rent, which would oppress them however low it might be set. In this comparison, the English would approximate to the Italian system, if our farmers, in the first place, had a firm tenure of their farms, and were not liable to a rise of rent, except when imposed by the legislature alike on every farmer in the country;—if, secondly, the peasants were paid, not in wages, but in a fixed fraction of the crop, about one half being divided among them;—if, thirdly, there was an understanding what capital the farmer should contribute, what the peasant;—if, lastly, the details of cultivation were managed by the peasants, the farmer giving occasional directions only, and feeling such confidence in their desire for the best possible crop as to dispense with elaborate superintendence.

No doubt, in such an arrangement the farmer puts himself somewhat in the power of the peasants; but he has the double advantage of no longer being

subject to a superior landlord himself, and in having the bulk of his time free from petty cares. Hence he would assuredly feel that he was a gainer by the exchange. On the other hand, the labourer in this system holds his place by custom, and at any rate has a yearly tenure instead of being hired by the week. He is elevated into a joint proprietor of the farm, and has a direct interest in its prosperity. Surely, therefore, *he* must feel himself better off than under the English system. And if the arrangements as to the joint contribution of capital by proprietor and peasant are judicious, and there is a tolerably good understanding between the parties, there is no reason why cultivation should not go on vigorously. In an ecclesiastical tithe, the tithe-owner, who is the sleeping partner, contributes no capital; hence the managing partner grudges to spend his own capital for the other's benefit. But in the métayer system the sleeping partner contributes probably more than half of the capital, so that the manager can never lose by any amount of activity, but is more likely to carry off a disproportionate share of gain.

It is thus clear that the good or bad success of the métayer system depends on the judicious arrangement of the details. If, as in old France, the proprietor has all the airs of a nobleman, and is separated by a chasm of feeling from the cultivator; if feudal power enables the superior to throw off all burdens on to the inferior, to demand the maximum of advantage and yield the minimum of aid; the

peasant will sink under the unfair load. But if the contract is judiciously settled, and the proprietor brings a fresh eye and a cultivated understanding to give suggestions and aid to the labourers,—the two parties having but one interest and his capital being risked as much as theirs,—to me it appears that such a system would produce results far more satisfactory to the consumers of food, to the capitalist farmers, and to the peasants, than those of English farmwages.

A friend of mine, unlearned in theories, economical or political, some sixteen years ago attempted cultivation in India. He with difficulty obtained some land from the government, and began by paying wages to his workmen ; but after the experience of one or two seasons he found that he was cheated at every corner of his little estate, unless he was in perpetual activity to overlook the men, who were idle as often as they dared to be. Nor did he succeed by piecework ; I suppose, because the *quality* of work is as important as its *quantity*, and is often difficult to test in agriculture. The amount of superintendence essential would have killed him in an Indian climate ; besides, he valued his time for other purposes : he therefore changed his plans. Having obtained from Indian authorities a lease of 30 years, he went to the expense of constructing a canal more than a mile long, with a tank, to receive the superfluous water of a river in the flood season, and retain it for use in the drought. He altered the levels of his estate so as to be able to irrigate

the whole from his tank. He divided it into equal patches, of such a size that one family could cultivate each. He surrounded all with a single fence, and let out the patches on a *métayer* contract. Each cultivator was to halve the crop with him. He was to afford seed (I think), carts, and other implements, and of course (what was most precious of all) *water*: he was also to pay every kind of government tax. On the other hand he exacted that the bullocks should be the peasants' own, as he thought that the animals would not be so well cared for, if they were his. With these arrangements both parties were well pleased. The industry of the cultivators increased as by magic; wives and children lent aid, and the little estate thrived admirably. Of the *métayer* system I doubt whether my friend had ever read; for he related all this as an original invention of his own. I lament to add, that the last news I heard from him was to the effect that Sir Henry Pottinger questioned the legality of his lease for 80 years, and that he feared he should be deprived of the capital which he has invested in the soil. But I cannot yet believe that the highest authorities will permit such a result.

Besides the scientific questions concerning Freehold and other tenures, there remains a practical question concerning Large and Small *tenant* farms. I do not feel that it belongs to the science of Economy to discuss which of these is better, any more than what amount of capital shopkeepers ought to have. It is for POLITICS to lay down

what power over the land individuals ought to possess. That being decided with a view to justice and expediency, then ECONOMY has nothing to say but,—let that which pays best prevail. Yet I may briefly add, that the progress of opinion is towards maintaining, *first*, that where it is worth while to cultivate inferior land, it is worth while to manure it well; *secondly*, that this implies a large quantity of cattle in proportion to the farm; *thirdly*, that cattle are most profitable if fed in stalls; *fourthly*, that this is done most cheaply if farms are not very large. The general result seems to be, that low farming may succeed well on large farms, but that in high farming moderate farms are best, only large enough fully to occupy the desirable machinery. Be this as it may.

§ 2. ON FOREIGN COMMERCE.

On casting a glance back on what has been said, we shall see that a right application of the common property of a nation, the Land,—joined with security and free use of all private property,—is essential to national prosperity. A certain abundance of land is also desirable, that there may be no inducement to grow food on unsuitable soils, with great loss of labour. But where land is naturally limited, two resources open themselves to a growing nation, FOREIGN COMMERCE and EMIGRATION, on both of which I must speak briefly.

So great is the power of Sea Carriage, that it

may be said to multiply a small country into a great one. The internal conveyance on a great continent is seldom so easy and convenient as from coast to coast: and even where railways facilitate the transit, the expense is possibly greater than of a sailing voyage ten times as distant. Moreover, by Importation we can take advantage of superior climates as well as soils, so as to make each land bear what it bears with greatest profit.

Who, then, is to find out what exports and imports will best promote our interest? In past days, the routine-doctrine of our statesmen said, The Government. But few Englishmen now need to be told, that questions of trade can only be solved by tradesmen. If the Government is to dictate what we buy from Germany, France, and Russia, it may as well dictate what things Middlesex shall purchase from Surrey; and a huge system of blundering ruinous centralization must result. There is no other rule needed by London merchants in dealing with Frenchmen than in dealing with Irishmen. All that they have to say to the Government is what the merchants of France said to a French minister who desired to benefit them,—“We entreat *you to let us alone!*” *

No merchants in Europe, except those of Swit-

* This celebrated maxim, *Laissez faire*, must be strictly confined to Political Economy, as contrasted with Politics. To Politics it is hard to imagine how any sound mind could think of applying it. There has been some blundering here, and, I fear, still more disingenuousness.

zerland and Holland, and, in some sense, Turkey, have enjoyed this privilege. The meddling statesman was not satisfied with regulating *foreign* trade; he must also dictate what shall be the interchange of goods with *colonies*. Colonies might have been peculiarly valuable to Commerce, seeing how often War interrupts intercourse with foreign States; but experience would rather show that the political inferiority of the Colony is a hindrance, and that its similarity of language and manners is most useful to a mother country, when joined with Independence. Certainly our commerce with the United States of America would not have increased as it has done, had they remained subject to the Crown of England; for they would not have been allowed to manage their affairs so intelligently.

The baneful influence of the old "Mercantile Theory" displayed itself towards the English and Dutch colonies as distinctly as towards those of Spain, although the despotism of Spain made its enactments more galling. Spain had her "Laws of the Indies" to torment America; England her Navigation Laws, begun by Cromwell to ruin Holland, and kept up to vex all nations. Nearly every colony was forbidden to do exactly the things which it was most her interest to do, and was commanded to traffic where it was not her interest. In these enactments the most partial and petty influences often predominated. It is related that the Mexicans were ordered to root up all their vines, because the vine-growers near Cadiz complained to

the court of Spain that Mexican wines injured their trade. The English government was never so ruthless, but it was often as narrow. Not to quote recent instances, which might seem to savour of party-politics, I may refer to King William the Third's solemn promise to Parliament, that he would do everything in his power to discourage the woollen manufactures of Ireland.

In all these matters English legislation had a grotesque sincerity of its own, for it plagued England to the full as much as the colonies or the foreigners. The first shock to it came from the revolt and independence of the United States; after which we no longer had the same monopoly on the high seas; and our Navigation Laws became more and more abortive. Smuggling, which had virtually overthrown the Spanish code on the American shores, next gave aid to undermine the English system: Mr. Huskisson, aided by the argument of the smuggler, brought about a considerable relaxation in our laws of trade 25 years ago. But the event which has finally determined the return of England to simplicity and justice, is, the abolition of our Corn Laws in 1846.

A question which very severely tried the principle of Free Traders, occurred during the struggle for that abolition. The manufacturers who most desired general freedom, felt nevertheless a natural and great anxiety concerning the exportation of Machinery. While it was forbidden to us to buy food freely from the foreigner, it seemed a fearful thing to allow

our machinery to be sent abroad, and thereby raise up rivals to our hardpressed manufacturers. But it was found practically impossible to define what was Machinery. *Bits* of machines were sent over in different packages, so that in spite of our prohibition the foreigner got what he wanted. It was farther pleaded to be unfair on the machine-manufacturer to forbid the sale of his goods, and that no one had a right to say what magnitude this trade might assume, if left unfettered. The free exportation therefore was at last authorized. Our manufacturers offered no opposition; but, instead, braced their minds more intensely against the arbitrary laws which restricted the importation of foreign food and other raw produce.

The injustice of these laws was so manifold, that to expound them would fill a volume. But I must now specially direct your mind to the damage they did to our manufacturers, independently of the absolute evil of dear food.—The great power of our machinery is able to produce far more than England was able to purchase. A large foreign trade arose; sales steadily advanced; new and new works were erected, until a point was reached at which the foreigner, though desiring to buy more, was unable, because we refused his most important means of paying us,—corn, sugar, timber: and then indignation against us commenced. For instance, Brazil was an excellent customer to us; but became disgusted on finding that her sugar could be carried by us for sale to the West Indies, but not to England,

by which her power of purchasing was crippled. It has been sarcastically said, that nations are not so angry about what they are forbidden to *get*, as about what they are not allowed to *part with*: *i.e.* they do not so much grumble that imports are refused to them, as that their exports are repudiated. I do not think that nations are herein quite so absurd as they seem, though undoubtedly the heat of blood confuses them. But they feel like a man who on going to buy at a shop is told that his gold has a forbidden stamp and must not be taken, or that his banker's name is suspicious and no check drawn on him will be accepted. The refusal to take his coin may deprive him of something which he meant to buy; but he thinks far less about this than of the dishonour put on his money. Why? Because the former is a finite inconvenience, the latter an indefinite, I might say an infinite damage. Suppose the Brazilian merchants to have been simply refused English cotton: well, they would buy something else: they are not so very much bent on getting this one thing, though they would have liked it: but if you refuse their sugar, you dishonour their greatest means of purchase; you declare their most valuable coin worthless, which is felt as a far worse wrong than the mere refusing of a single article. Much more were they aggrieved at our *reason* for it, *viz.*, that it was slave-grown; which is like refusing a person's gold, on the ground that it is stolen property. They thought their national honour compromised, and they threatened retaliatory duties on

our goods; thus wronging themselves still farther in order to harm us. Such enactments are called Hostile Tariffs. By their operation our manufacturers had lost some markets and were in danger of losing others. To leave off producing was to sacrifice all their works,—not to say, to starve their workmen: yet, if they went on producing, a ruinous glut was inevitable, unless foreign markets could be kept open and enlarged. But our most important foreign customers had nothing in so great superabundance as the very things we refused to take—corn, flour, sugar, timber; and when we were virtually refusing their current coin, they were disgusted with the hypocrisy and wilfulness of England, who said, “Buy of us, but pay us with anything rather than that which you have to spare.”

This statement may seem to imply,—what, since Mr. Ricardo wrote, has been acknowledged as virtually true,—that foreign trade goes on in the way of *barter*. If a ship from Liverpool carries out cottons, silks, woollen, and iron manufactures to New Orleans or to Rio Janeiro, it does not indeed directly exchange these for raw cotton, rice, flour, sugar, coffee and precious wood; but the cargo is sold for money of the country,—it matters not what relation this bears to English current coin,—and then this money is immediately laid out in buying on the spot a new cargo to bring back to England. In fact not much money passes, but it is managed by notes between merchants. But if the English ship is forbidden to bring back the produce which most

abounds in the port where the cargo is sold, actual dollars must be received. To sell her cargo is then harder, and, after it is sold, the dollars themselves must be carried off, and the ship perhaps return home in ballast. Thus more than half the profits of the voyage would be lost; and to prevent this, was a problem of perpetual difficulty. Nature herself dictates the cargo which each country shall yield. To affect to deal with Norway and refuse her timber, or with France and refuse her corn and wine, is a mockery. Yet, in fact, as there is no fear that France will give us her goods for nothing, no illiberality on her part in refusing (for instance) to take our iron, could ever be a good reason for *our* refusing to buy of her what we wanted. If she will not take our most convenient mode of payment, she will more or less cripple the trade; but whatever of it remains, remains because it is still gainful: and we cannot punish France by destroying it, except at our own expense. The plea of *reciprocation* was the last fallacy by which it was sought to forbid Free Trade; and the meaning of it was, to keep up the system of prohibitions after it was condemned, by teaching each State that no *one* must abolish it for fear others should not follow its example.

It is not obvious, yet it is true, that even if France produced *both* wheat *and* barley more cheaply than we, still an exchange between these things would arise with us, if France had a greater advantage over us in wheat than in barley. If she could produce 20 quarters of wheat as cheaply as we produce

15 in England, and 20 quarters of barley as cheaply as 18 in England, it might be profitable to send English barley to France, and bring French wheat to England; because a quarter of barley would purchase more wheat in France than in England, and a quarter of wheat would purchase more barley in England than in France. This was first clearly explained, I believe, by Mr. Ricardo.

To show by another example how foreign trade is determined by a difference between the *relative* values of commodities in two different countries, imagine that a pound of gold in England exchanged for 21 pounds of silver, but in France for 20 only. In that case a traveller from England to France will be wise in taking with him silver rather than gold. If before starting he changes all his gold into silver, he carries into France 21 pounds of silver for every pound of gold; but if he had taken gold with him and changed it in France, it would have brought him only 20 silver pounds for each pound. With 20 of every 21 silver pounds which he has we will suppose him to buy gold in France; then when he returns to England carrying gold, the result will be that every 20 lbs. of gold which he had originally have been turned into 21; or he has gained 5 per cent. by the double transaction, in perhaps only a few days.—In such a state of the market it would be so profitable to send silver into France and bring gold into England, that the quantity of silver in England would rapidly diminish and that of gold increase; and conversely in

France. Thus silver would fall in England and rise in France, relatively to gold, until in both countries the two metals were at the same or nearly at the same value. I say *nearly* at the same; for a slight difference may subsist, if it be too small to defray costs, viz., profit, insurance, commission, &c.

This example will explain how an impetus is given to an exchange between two nations: but equilibrium is not to be always expected as the result. If England had silver mines and France gold mines, the perpetual production from these might lead to a permanent stream of silver out of England into France and of gold out of France into England. There might be the permanent ratio of 21 to 1 in England, and of 20 to 1 in France, if the production was as active as the trade. And this is the case with the exchange of English cottons for French wine and wheat. The fresh production preserves in each country the inequality which stimulates to exchange.

Thus it appears, that Commerce between nations is most profitable to both, when there is the greatest disparity in their facilities. England and Belgium are not likely to have so various and important interchanges as England and Russia; because the two first are in the same stage of generally dense population and advanced manufactures. Thus it may happen that the Colonies of a nation are by no means so well suited to traffic with, as some foreign power: in which case, the attempt to force a trade is a mutual loss. Even when the colony and mother-

country are excellently suited for mutual commerce, the mother-country cannot be trusted to make regulations. Spain ruined her American possessions, and England provoked hers to revolt, when in neither case was there a real collision of interest.

§ 3. ON EMIGRATION AND COLONIAL LAND.

After two centuries of perversity, we have at length admitted the principle that every colony is to be guided in trade by its own perceptions of advantage; and, although much illblood remains from past vexation, and the future is by no means free from danger, there is hope that England and her colonies may still learn peacefully how valuable each may be to the other. Concerning Trade and general Government there are, I apprehend, no real difficulties; none but what will be easily arranged by persons who desire justice, freedom, and union. But on the critical point on which EMIGRATION turns, viz., the disposal of Colonial Land, there seem still to be unsolved problems of much delicacy.

In fact it is not for Commerce that Colonies are specifically important. Commerce we may have, to any extent, with foreign and uncongenial nations: but Colonies are eminently a place for Emigration; and if the same language, religion, moral tone, and even political system, prevail as in the mother-country, Emigration is comparatively an easy thing. In every old country a great rigidity is apt to be felt; so much complication has come in to the

tenures of property and the custom of trades, that it is hard to attain that versatility which is essential to the comfort, and almost to the safety, of every rapidly-growing community. A wide and desirable field for Emigrants prevents the partial glut which all such countries otherwise feel, even when demonstrably not overpeopled on the whole.

The Colonies of England are of two very different kinds. Those only are fit for emigrants which have a climate suited to our bodily constitution; especially North America, Southern Africa, and Australia. Our *tropical* colonies, which are peopled by men of foreign blood and language, are more properly called Dependencies. To these our *Capital* may migrate, but no large number of our population.

But now rises the question, *who* is to have the disposal of Colonial land, and *how* is it to be done? I do not pretend to see the way through this difficult subject, but I must sketch practice and opinions.—In old days the English Crown granted away by favour large masses of American land. These were kept, in large measure wild, by individuals, on speculation that they would at a future time prove valuable. When the United States arose as an independent power, this system was annihilated there, and the State land was sold at a moderate fixed price, subject, however, to a fixed yearly tax which is thought as high as new land will well bear. In Canada also we have tried to change our course; but the enormous quantity there granted away to

individuals now hinders the Crown* from selling with any such tax reserved, and puts great difficulty in the way of finding purchasers at all. In Australia we have introduced new and better methods; but as the land has not been fully surveyed, (the expense of which would be overwhelming,) it is highly unjust to expect persons to buy it from inspecting a map. Great dissatisfaction has been created in the colonies by the difficulties which we now interpose in the way of settling on the land. Sales by auction are strongly objected to; since the authorities, by selecting the *place* of sale, can virtually give the land away to their friends and friends' friends. And *where* should the auction be held? In London, to sell Australian lands? but who will buy land thus at the Antipodes without seeing it? Should, then, the auction be in the colony? But many who might be willing to bid for the land are in Great Britain.—It is a delusion to pretend that an auction yields the highest price that can be got: it can be nothing but a cover for fraud.—Once more, (say the opponents,) it is utterly unreasonable to expect men to settle down on new land with no choice of exchange. A certain freedom of occupation is reasonable, at least for a moderate time. Lastly, the colonial doctrine seems to be, that the land ought to be at the disposal of the purely local influence: but here in England we maintain that undivided colonial land is the heritage of the whole English people,

* I believe *the Crown* is in this respect almost a fiction. The Colonial Legislature is now the real sovereign of the land.

and not the private right of that fraction of them which happens already to have emigrated.

An ingenious theory was started some years back by Mr. Gibbon Wakefield, which is now characterized by his name. He pointed out that the settlers were embarrassed by too much land, in consequence of which no one would willingly serve for hire, since all wished to be freeholders. To obviate this, he suggested that the land ought to be sold at a *sufficiently high* price, and the money to be employed in sending out labourers to the colony. Such labourers, being unable to purchase land at first, would work for hire on the farms of others until they became rich enough to afford the price of the land. Thus a constant stream of emigration would be afforded.—Mr. Wakefield alleges that his scheme has not failed, for it has not been really and sincerely tried. That remark of his seems to be true; but it is also true that he has not so explained his view, as to make it *possible* to try it. He proposes, you observe, that the land should be sold at a *sufficient* price; that is, sufficient to bring in cultivators and keep a proper balance between proprietors and hired workmen: but he gives no mode of settling what price *will* suffice for this. Apparently it must differ in every colony, and in every year.—Nor has Mr. Wakefield explained what tribunal could be trusted to solve so delicate a problem as the sufficient price. The Colonial Office in London could not have the exact local knowledge: a local tribunal in every colony is required. Yet it would be hard to

trust the power into the hands of those whose interest it was to keep land dear, in order to have a larger number of persons working for wages. The poor would need to be amply represented in this tribunal, and, it is to be feared, in no case could the deepest discontent be avoided.

Possibly advancing experience is really showing the way through these difficulties about Colonial Land; only I am not aware of it. I would hope so. Judging, however, by the past, it would seem, that to give up the land entirely to the local authorities of every Colony, (provided that it has a popular constitution,) could not produce worse results, and probably must produce far better, than regulations made in London. And this opinion derives great confirmation from the history of the subject in the United States of America. The pride of England is slow to admit such a solution; yet Canada is already a precedent.

Great as has been our mismanagement, (as naturally followed when we had no guiding principle,) Emigration, is on the whole, attended with decided benefit to the physical welfare of the emigrants. Its benefit, however, to the mother-country is not so manifest; and considering that Emigrants are on the average superior to the mass in knowledge, enterprize, and wealth, the question has been started whether their departure with so considerable stores of capital may not drain us dry, and leave us less able than ever to support our poor.

Evidently *some* emigrations have been very ex-

hausting. Spain suffered loss by driving out the Moors, and France by the escape of the Protestants. But in these cases the emigrants did not withdraw on account of their economic field being overfilled at home, but in order to avoid tyrannical power. The emigration did not draw off a natural surplus, but the healthful lifeblood of the nation. A bad state of law will also lead to an excessive drain of the population. The remedy is not by impeding the emigration, but by improving the law. Sometimes, indeed, as perhaps now in Ireland, nothing so assists this very improvement as a temporary excess of emigrating.

To some new countries the loss of population and capital by the absence of deep-seated love to the soil, is exceedingly embarrassing; but only tyranny can alienate men's affections from old countries. England is too dear to Englishmen to be abandoned without strong reasons: so long as our freedom and internal peace continue, no more than a natural surplus of our people will emigrate. As to Capital, if so very large a mass were not fixed on our soil, year by year, in the form of buildings and works, the danger of losing it might not unjustly alarm us. But, as I before observed, every building that is erected for production, and all property spent in works, are a great guarantee that circulating capital shall be reserved sufficient for carrying on these works; without which they would become valueless. Among ourselves the security of property has given such force to the desire of accumu-

lation, that too rapid an increase of capital seems to be a periodical inconvenience. During the war, for 14 years together we must have outright thrown away, on an average, full forty millions a year, yet the nation collectively was richer at the end of the period than at the beginning. A large part of this must have been deducted from enjoyment, not from money destined for trade. Since the war, we have had several eras of wild speculation, with enormous waste of property and wide-spread ruin, produced in no small measure by the excessive abundance of capital; and although severe pressure was felt in some seasons by the too great demands of railways on the purses of their undertakers, yet the experience of twenty years shows how easily England can bear an annual expense of from 12 to 15 millions on entirely new enterprizes. Had not the invention of railways taken up all this capital, a very large fraction of it would have been wasted in silly foreign schemes, like the Bubbles of 1825-26. This tendency of capital to become embarrassingly abundant is as notable as the same tendency of population, and seems to set at rest the expediency of allowing full facility for the exportation of Capital.

What, then, is my general conclusion concerning Emigration? We have, it seems, surplus population and surplus capital, both of which we send away! Is not this self-contradictory? I think not. The surplus of which we speak is not absolute, but relative to our knowledge and to our versatility.

Capital is excessive, not because there is a want of population to set at work with it in England, but because the capitalist is ignorant what new ways will be lucrative, and because the most important of the old trades are overdone. Population is excessive, not because there is not in the whole community capital adequate to feed the whole community, but again because some of the old trades are overdone, and the people cannot conveniently learn new ones. The very same cause produces the two phenomena, which Economists are apt to consider contradictory, only because they do not give just weight to the rigidity of men's habits. Commerce, if developed in extreme activity with the whole world, might perhaps ordinarily supersede the necessity of Emigration; but not till our municipal and rural organizations are immensely improved. Emigration and Commerce appear to me both to act in the same direction,—*to bring a remedy for our want of versatility*, as well as to furnish us more economically with articles of prime necessity.

NOTE on the *glut* named in p. 193.

Everybody is aware that the gain from foreign trade would be annihilated if there were no imports; nor does any manufacturer who desires "a vent for his surplus produce" mean that he is to sell for nothing; but as he does not particularly care what sort of thing he gets in exchange, so that only it be marketable, his mind dwells more on what he wants *to get rid of* (for a consideration)

than on the return-cargo which has no definite picture in his imagination. This, no doubt, has led to a serious error in measuring the general value of trade by the total of exports. If all that we care for is the *total*, only the *imports* must be regarded : but if we are inquiring how far this or that mass of our society is likely to partake in those imports, the distribution of the export trade is highly significant. Moreover, if certain exports be refused in foreign markets, our total of imports will be diminished.

I am truly surprised at the following passage of Mr. J. Stuart Mill, who seems to believe in the infinite flexibility of human action (book 3, ch. 17, § 4, vol. ii., p. 177):—

“Adam Smith’s theory of the benefit of foreign trade was, that it afforded an outlet for the surplus produce of a country, and enabled a portion of the capital of a country to replace itself with profit. These expressions suggest ideas inconsistent with a clear conception of the phenomena. The expression, *surplus produce*, seems to imply that a country is under some kind of necessity of producing the corn or cloth which it exports ; so that the portion which it does not itself consume, if not wanted and consumed elsewhere, would either be produced in sheer waste, or, if it were not produced, the corresponding portion of capital would remain idle, and the mass of productions in the country would be diminished by so much. Either of these suppositions would be entirely erroneous. The country produces an exportable article, in excess of its own wants, from no inherent necessity, but as the cheapest mode of supplying itself with other things. If prevented from exporting this surplus, it would cease to produce it,” [*with the sacrifice of all the fixed capital*, and, perhaps, of first-rate natural advantages,] “and would no longer import anything, being unable to give an equivalent ; but the labour and capital which had been employed in producing with a view to exportation, would find *immediate* employment (!!) in producing those desirable objects which were previously brought from abroad. . . . The *only* losers (after the

temporary inconvenience of the change) would be the consumers of the heretofore imported articles, who would be obliged either to do without them, consuming in lieu of them something which they did not like so well, or to pay a higher price for them than before."

Truly if our trade with India, China, and other tropical countries, did us no other service but to bring in a few luxuries which our forefathers, not having known, never desired, it would be of little real importance. But we may rather believe, the great use is, to enable those among us who do not produce food and other first necessities, to get a share in those necessities. This it does, *by obviating our want of flexibility*; enabling poor men to continue in the practice of a trade which they have learnt, and richer men to reap continued benefit from works which they have established at great cost. This is why manufacturers so hail "the opening of a new market."

A sufficient condemnation of our Corn Restrictions was, that they made it simply impossible for an English farmer ever to export his surplus, after several years of extraordinary productiveness. What is the universal relief of other trades when suffering, legislation destroyed for him.

As to the "immediateness" of employment, the loss of two or three years may seem as nothing in the life of a nation, but they may be sufficient to starve hundreds of thousands of families, or produce political revolution and demoralization in the convulsive effort to hinder it.

LECTURE IX.

On Government Revenue.

I now approach the important subject of *Government Revenue*. I have already observed, that a Feudal Monarch was in principle sustained like his Barons, on the rents of land, and some other customary payments. He was little else than a Baron on a great scale. And if the Crown Estates had been duly preserved and faithfully improved, no other revenue would be needed for ordinary government. The expenses, however, of Wars would always have to be defrayed by some special taxation.

Among the early Romans the public lands and other estates were let out by the magistrates, and this was presumed sufficient for the current necessities of peace. *Tribute*, that is, tribemoney, (parish-money,) was levied for wars. But, in point of fact, the wars were so constant, that wartaxes were perpetual, and the public lands were hired for a trifle by individuals of the aristocracy, through mutual connivance: thus the legitimate revenues were dissipated. This is so uniform a story in every country, that the moderns appear to have become desperate as to the possibility of managing government estates honestly. Public opinion among ourselves regards the function of a landlord as too similar to

that of a merchant or trader to be efficiently exercised by a government. Indeed all old and noble families are apt to understand how to spend, better than how to amass, revenues ; still more eminently is this true of purpleborn princes : and ministers who have a short tenure of office do not feel disposed to undergo the odium of raising the Crown rents, if no immediate result of great importance to the treasury is attainable. To tax the nation is easier.

I suppose that we must regard the experiment of Government Estates as decided against the nation : to go back to an older system is generally a political impossibility. Nevertheless, where a general system of Landed Rent is introduced, no tax appears more simple, more just, more unfailing, than to take a percentage of the rent for Government Service. In England this is now impossible *retrospectively*, since land has so long been bought without any such liability being counted on. But Mr. J. Stuart Mill, a very cautious man, sees no objection to thus taxing all *future* accessions of rent. The best time for such an enactment is one at which the general rent of land has apparently reached its maximum ; for then least of all would landholders feel aggrieved at such a tax : and such a time is the present. But I am not able to hope that anything of the kind will be done ; and for the reason that I stated—the insecure tenure of power held by each successive cabinet. Free nations have to pay the penalty of freedom. Their government cannot defy public

opinion, and therefore cannot afford to make enemies without necessity. The consequence is, that they will not originate work for a distant object, unless driven on by a powerful public opinion.

Still, one might have hoped that in the regulations for new colonies some kind of foresight might have been exercised, to save them from falling into the same wastefulness as ourselves. The Colonial Land is avowedly a state-possession. To grant it away to individuals from favour is now at length repudiated as a public profligacy; but to *sell* it is thought to be the part of prudent statesmanship. What? To sell, for the immediate convenience of this one generation,—what ought to be a perpetual source of revenue in future centuries? This is a strange economy! But (on first hearing it might be imagined) this generation at any rate benefits by it, if future ones suffer? By no means. The land is necessarily sold at a price so trifling, that the colonies never pay their own expenses. Naturally, it is impossible to *forestal* the value of land, although we know that it will increase hereafter with the growth of population. Our practice of selling it alienates to individuals for ever, and for an insignificant sum paid down, the permanent heritage of great nations that are to be.

How much wiser are individuals in providing for their greatgrandchildren! The holder of townland, when he grants a building lease, anxiously secures that after 99 years the land *with all the houses and fixtures upon it* shall be the property of his heirs:

and to this most unreasonable demand builders innumerable are found to agree with perfect cheerfulness. Yet the State, which calls itself Mother Country, exercises no such foresight for the future welfare of Colonies, when it might be done so easily. If, instead of selling the land for ever, they sold it for 100 years only, securing to the occupant an exclusive and unquestioned right to all houses and fixtures which could be valued separately from the land, but reserving the land itself to the State, no one could murmur at the arrangement.

During the early period in which there is abundance of land, and rent cannot be got by a landholder, the government revenue upon it can only be taken by an *acreage*: afterwards, when rent is general, a percentage of the rent itself may be taken by the State. These two modes of taxing need particular attention.

An *acreage* is a tax of so much an acre, without any reference to the quality of soil or other advantages of a farm. In a country like England, where bad and good land are alike cultivated, such a tax is extremely unequal, and unless very light, becomes oppressive on all the inferior soils. Obviously the richest soils (I mean those which best pay the cultivator) ought to pay the highest tax: an *acreage* is on the whole unsuited to our stage of advancement. On the contrary it is admirably suited to the United States, where good land so abounds, that none will cultivate what is bad, except where position and other circumstances may compensate. It

also seems a much wiser and honester plan to take an annual acreage with a small present payment, than to receive all in a single sum paid down ; by which we defraud posterity and get little benefit ourselves.

A tax on rent (say of 50 per cent.), if it had been enacted in England 400 years ago, would now be quite unexceptionable, and by far the best of taxes ; far better to the nation than the possession of the land by the State as landlord. First, because the landlords, when hindered from being a despotism themselves, are the best of all guarantees against other despotism, and, as an Order of men, are of first-rate political and moral value. Secondly, because they would do the State the economical service of saving it from the jobbery and abuses innumerable which *Centralized Power* always introduces. The residue of rent retained by them would be the remuneration for managing the estates well ; as to which they would have but one interest with the Public Treasury. Severe taxation of the rent might indeed seriously affect a landlord's disposition to undertake great works on his lands, as draining ; but hitherto the tenants with us, not the landlords, have been the great improvers ; and in the worst case, when great and peculiar works were notoriously needed, government might make special remissions of its share in the rent to aid in them.

A tax on rent being of all taxes the most equitable and the easiest to levy, and one that becomes more and more productive in those later periods of

industrial development, in which government becomes most complicated; it seems an unthrifty and reckless proceeding not to take measures prospectively in all new States for ultimately levying this. To collect taxes in a half-formed community is often expensive; and this may be a reason for accepting a smaller sum paid down, as an equivalent for occupancy during a limited term: but after this a moderate acreage should succeed, to be commuted in course of time into a tax on rent. Provided that this were done by an act applicable to all estates alike, nothing oppressive could be enacted in a free State; and under despotism nothing so abates harshness and makes it tolerable, as when it is uniform.

What is really oppressive, is, when each estate has its tax separately settled by a yearly estimate, and despotic officers have to make that estimate. Such is the unhappy condition of a large part of India. Bribes paid to these officers are often as necessary as the tax to the government, and are perhaps the most galling part of the burden. The Indian ryot, as the Irish cottier, could not dare to improve, lest his rent be raised upon him. If he even plants new trees in his ground, they are counted and taxed before their produce is brought to market. But in this case the Government does not *tax* the rent, *i.e.*, take a percentage of it, but invades the whole; and then with despotic power assesses it. Nor does this mean that an educated statesman has to decide: petty and needy persons often wield

for their own benefit the sceptre of Britain. And even when the estimate is formed by the practical judgment of a British collector, still it is so notorious that he gives discontent to his superiors if he send too little rent, that to increase the burdens of the people is the tendency of every ambitious man, and to lower them is almost impossible.

Thus a large part of India is in the very opposite extreme from England and her colonies ; and both extremes vicious. *Here* the government has yielded up the public rights ; *there* it has grasped at so much, that an army of state-functionaries is needed ; the race of landlords and farmers are both annihilated ; and the peasant is certainly no better, but apparently worse, than our farmlabourers in the worst counties.

One would hope that every evil has its good ; and such certainly has been the case with the pecuniary prodigality of our monarchs. If Henry the Eighth and his successors had wisely husbanded the Crown Estates, the monarchy must have become despotic. The State may easily be too rich ; and that is our only comfort in our present overwhelming public poverty. But to this I must return, when I touch on National Debt.

I now leave the question of Land, to speak of taxation generally.

And first let us ask, *What is it* that is taxed, and why, when a State has abandoned and lost its own natural possession—the Land ? The State is the organization, which is to hold together human so-

ciety on principles of Justice and Right. Giving great and precious advantages, it demands honour and pecuniary support; honour from all, property from those who have any surplus. The State is so far from desiring to press down into starvation those who have only just enough for life, that it supports by Poor Laws those who have less than enough. The moral ground of such laws I shall afterwards open. But as at least the State is not intended as an engine of oppression to the weak, it cannot (wilfully and knowingly) tax those families which barely can feed themselves. Hence no taxes can be intended to fall on sinews, bone, and breath, as such, but on *property*, as such. The moment this is conceded, it follows that the more property a man has to spare, the more fit a subject for taxation he is, and the higher the percentage which may justly be taken from his surplus. I cannot understand the tone assumed by some writers on this subject, who call it robbery and spoliation to tax greater wealth at a greater percentage. My belief is, that this is intrinsically just, and that it would tend, moreover, to political stability, by removing the odium attached to great wealth with the vulgar.

It is usual to divide taxation into two kinds, Direct and Indirect. By *Direct* is meant, a demand on the taxpayer which is ostensibly for the Government, being made by a public taxgatherer. By *Indirect* is understood a payment which is ultimately received by the Government, but is transmitted through several hands first, so that he who

really pays it does not pay it ostensibly or perhaps consciously as a tax.

Thus our Direct Taxes are whatever is collected from house to house by government officers, whether *avoidable* or *unavoidable*.—The Assessed Taxes (as they are called) are avoidable by many persons. Namely, if I am taxed for keeping a horse, a dog, a carriage, a manservant, or for having so many windows in my house, it is possible for me to give up some of these luxuries, and proportionably lessen the tax. But if a tax is put upon my Income, I cannot avoid this by any change in my habits; and to avoid it by lessening my fortune would occur to no sound mind.

When a tax is avoided, the public revenue gains nothing, and the individual who avoids it is uselessly aggrieved. It appears exceedingly absurd, that people should drive in cars with low wheels, because high wheels are taxed; and worse still, if a little horse sells for more money, because by being an inch lower at the shoulder he evades the tax. If taxes could always be rightly imposed, we could not wish them ever to be avoidable. But since we must count upon error in finance-ministers, and on the occasional harsh operation of every general rule, it is less clear that this quality of a tax is always bad. In many cases the trouble which a person will take to avoid a tax, is a measure of his poverty. No man in comfortable circumstances would think of stopping a window in his house to avoid the tax: that any poorer persons should stop so many as to make their houses

unhealthy, is a serious evil: but, short of this, the submitting to inconvenience indicates that the individual is not one out of whom the payment ought to be wrested, as it might be by a tax on his income or property.

A House-tax, with some advantages, has peculiar special difficulties. There are certain trades and professions, to which an expensive house is needed as an instrument of the trade and not for enjoyment. Such is the case with a schoolmaster, a dentist, a physician, a hotel-keeper. Sometimes even for a very common coffeehouse a large rent is paid because of the site. It is very unreasonable to tax such houses at the same rate as ordinary dwelling-houses, while a warehouse and workshop are not thus charged.—On the other hand, noblemen's palaces are a constant scandal and perplexity with a house-tax. If a rather poor nobleman inherits a house on which wealthy ancestors lavished vast sums, it will force him to pull it down if you tax him in proportion to what it is intrinsically worth. Yet possibly this very house will let for only a trifling sum; for it costs too much to live in. If, therefore, it be taxed in proportion to the rent for which it will let, the tax is absurdly small; but if in proportion to that which it would cost to build, the tax is oppressively great.

A Tax on Income has this great recommendation to an Economist, that it never interferes with industry, so as to pervert it into wrong channels; nor ever induces persons to suspend their activity, except

when it is so heavy as to lessen the willingness to save. On the objections to this tax I shall presently speak.

Indirect Taxation is principally of two sorts, Customs and Excise. The Customs consist of duties levied on foreign produce when brought into the English market; which duties are naturally received at the ports. The Excise is taken on domestic industry, as on the manufacture of paper, of soap, of malt, of British spirits. It is intended that these taxes, though levied on a tradesman, should be really paid by the consumer of his goods: and it is generally taken for granted that an advance of price, exactly equal to the amount of the tax, *immediately* takes place, and indemnifies the tradesman. It is argued;—whether the Cost of Production be increased naturally or artificially, matters not; the price will rise with it, and the producer will not suffer.

Undoubtedly this happens under several conditions: as, *first*, if the article be one of extreme utility and of no great expense. I have before alluded to Lawyer's Parchment, as likely to rise or fall quickly with the cost of production. A tax placed on it would not diminish consumption, and must immediately be paid by the consumer. *Secondly*, the same would happen if the article were made without much fixed capital; so that if the rise of price lessened the use, the quantity in the market might rapidly be lessened also. Thus if a new tax were laid on bricks, which led to a higher price

and restricted use, the brickmakers would quickly and without any particular loss diminish their production. *Thirdly*, if the article were one that sold in a vast market, as is the case with tea; and the market affected by the duty were very small in comparison. An increase of our duty on tea would raise our prices by the amount of the duty, and this would lessen our consumption. Yet the tea thrown back upon China would not be felt so as to depreciate it; for the tea used by England is a very small fraction of that used in China and the surrounding countries, besides Russia and North America.

But when the article subjected to a tax is one for the production of which an enormous fixed capital has been devoted, or towards which there is a sort of predestined bent;—when it is not of absolute necessity to the consumer; and when the market affected is a very sensible fraction of the whole, then the doctrine no longer seems to be so true. I do not deny, that in a system otherwise tranquil, the *ultimate* result is that alleged by the current doctrine; but it appears to me to be neither so immediate nor so certain.

But let us examine this more closely, beginning with the question of sugar.

If our increase of duties be considerable, so as to raise the price (we will say) from 6*d.* a pound to 10*d.* it will lead a vast number of persons to lessen their consumption. Hence, ere long, the stock of sugar accumulates; and if we assume that it cannot be sold in any other market, the price will drop a little

(let us say, to 9*d.*); thus a part of the tax is taken off from the consumers, and falls on the importers. Next year, they are discouraged, and lessen their orders on the sugar-plantations. Now if those plantations and their managers had an infinite versatility, they would at once lessen their sugar and grow something else. But if they have a system regularly constructed at great expense, for sugar and sugar only, the loss to them from abandoning or lessening the growth, may be greater than from submitting to a rather lower price. No *one* can have confidence that *others* will diminish the quantity; and if he attempts this method, he may find he has less to sell and that the price has not risen. Probably, instead of this, each studies a more economic and assiduous culture. The quantity produced, year by year, not being diminished, yet the permanent consumption in a vast market being less, (for the consumption at the price of 9*d.* must be greatly less than it was at 6*d.*,) a new and greater accumulation follows, and the price drops again, perhaps to 7½*d.* Some increase of demand follows, and raises it to 8*d.* Now if all beside is unchanged, we may predict without fear of contradiction, that in the course of years it will become notorious that sugar-raising is a bad business. Some firms will break: those that hold up somehow will not have a vigorous life. Old works will not be efficiently repaired; no new ones will be erected; and the growth will be stunted by a sparing application of capital. Thus at length the quantity will be so reduced as to force

up the price;—yet slowly; since (other things remaining) every advance causes a diminution of consumption. However, at least a gradual rise of price must continue till the planter is as well remunerated as other capitalists. If this mean that the sugar is again at 10*d.*, he has at last thrown off the whole duty on to the consumer. The language of Economists is sometimes so incautiously decisive, that one might imagine them to mean that this result is ordinarily produced, finally and completely, in a single year. Hence it passes as a sort of axiom, that “every indirect tax is paid by the consumer.”

Until lately, our artificial laws kept the price of sugar in the United Kingdom permanently higher than in any other market in the world; consequently, if we had thrown back on the West Indies any portion of their sugar, they could not have disposed of it elsewhere. But even if they had had another market, yet one to which ours bore a large ratio, taxes, such as I imagine, would for more than a few years have fallen in part on the planters.

Again, the larger the fixed capital in any production, the more difficult is it to the producers to lessen their production. If in sugarmaking there is more fixed capital than in ricegrowing, it would take longer time to diminish the growth of sugar and adapt the quantity to a lessened market, than in the case of rice.

If a process of change is not effected instantaneously, we are in danger of fallacy from our postulate about “other things remaining.” Perhaps

"*other things*" do *not* "remain." The low prices of sugar may have led to more prudent expenditure and economic cultivation, which permanently keeps the prices below what seemed their natural mark. Or the purchasing community may get richer, so as to bear the prices up at an earlier period : or new sugarfields may have been found, in the quest after cheapness, which enable the new growers better to bear the market, to the still greater distress of the old producers. Many such things may happen, before a final adjustment of price takes place ; if any thing be final. Hence it is extremely difficult, or impossible, for statesmen certainly to calculate by whom a tax of this nature will be borne. A *part* of it generally falls where they do not expect or wish.

Consider the parallel case of our manufacturers in the last thirty-five years. In my last lecture I alluded to the losses and anxiety to which they were subjected, by the retaliatory duties which many States inflicted on us, because we refused the corn, sugar, or other staple articles of the foreigner. As in maritime war the innocent trader is made the first victim, so it is with the war of tariffs. The Englishman, when new duties were imposed on his goods, could not raise his price to the Brazilians, (for instance,) higher than his rivals from Germany or North America. Unless he could find another market equally large, he must choose between lowering his price and so bearing the Brazilian duty himself, or lessening his production by the whole

quantity hitherto sold in Brazil. If the latter could be done, the Brazilian government would gain no revenue from the tax, the Brazilian people would have worse or dearer goods, English capitalists would lose an investment, English workmen be forced to look out for a new trade. But this over and above implied the sacrifice of the fixed capital. Sooner than endure this, the manufacturer would bear a part at least of the Brazilian duty himself, and still struggle to sell in that market as cheaply as his rivals. The price, it is probable, rose to the Brazilian customer, but not to the height of the duty; a portion of the English trade was displaced, and had to find a new market or produce less.

Generally, it is matter of great hardship in all indirect taxation, that *the State which taxes throws all risk and onus on a particular class of men*. If new duties are laid on one sort of goods, the producers or merchants of those goods are forced to pay large sums to the Government, and then to *take the chance* of indemnifying themselves. And if they will not at their own cost bear this risk, they are ordered to suspend their trade! This is in principle as unjustifiable as avowedly to lay a special impost on one class. The objection does not indeed apply to old taxes, as to which the market has long ago settled itself, but it is a powerful reason against any new or increased indirect tax. And even in regard to old taxes, it is a hard thing that the Government casts its own bad debts

upon individuals. For instance, if a grocer becomes bankrupt, and a tea-merchant hereby loses a large sum, half of this debt, perhaps, is the duty on the tea which the merchant was forced to advance to the Government: yet not a shilling will the Government refund, though the merchant bring clear proof that he has not been able to recover the amount of duty. The Chancellor of the Exchequer virtually says: "You must count on these things, and manage to charge high enough to cover both tax and risk." In a struggle for national existence, all sorts of inequalities are inevitable: nor should we criticise such things in a barbarous power, which only cared to get money with the least trouble. But a just, peaceful, and flourishing State ought not to count itself to have a surplus, until it has borne its own bad debts.

This, however, is but a small part of the practical oppressiveness of our system. For instance, if some of the sailors in a ship hide tobacco in it, the *ship-owner* is responsible for their offence, and the ship itself may be confiscated. He is taught to regard himself as exceedingly well off for only bearing heavy fines, and is left to recover, if he can, the £50 or £100 loss, from the needy sailors. The injustice is the more glaring, since the owner cannot possibly hinder such offences, while there is an enormous double premium held out by law for their commission; viz., first, in the exceedingly high gain from smuggling, and, secondly, in the high reward for informing. The fraudulent sailor has a perfectly safe game; for if he get no good

opportunity of carrying the smuggled articles safely to shore, he can make his harvest by turning informer against the ship.

Mr. Banfield has maintained that the most important distinction of taxes is not that of Direct and Indirect, but that of taxes *near to production* and taxes *near to consumption*. This needs to be explained. If an acreage be demanded on land before its use has begun, this is a tax that even *precedes* production. If the tax be paid on the field while the crop is standing, this is immediately after production. If it is paid at the mill, where the corn is being ground, this is later after production. If it is paid by the baker, when he buys his flour, this is nearer to the period of consumption. If it could be paid by the customer, at the moment of his purchasing a loaf for domestic use, this would be nearest to consumption.—Now, according to Mr. Banfield, the nearer a tax falls to the actual moment of consumption, the better. Thus the malt-tax is a far better tax than if the same money were levied on the standing barley; and that, again, would not be so bad, as if the same amount were levied by an acreage. On the other hand, if for the malt-tax were substituted a tax on beer to the same amount, levied at the brewers, it would be an improvement; and to levy it (were it possible) of every consumer, at the moment before drinking, would be best of all.

The principle contained in this remark is undeniably true, and is easily understood in the operation of *bonding* foreign goods. A merchant who

imports a cargo is not forced to pay the duty at the moment of landing. Were this the case, he must either be at the expense of keeping the ship inactive, in order not to land the goods, or he must pay away his money to the Government prematurely. But he is allowed to deposit the cargo in certain warehouses, under the lock of a public officer; and it is then said to be *in bond*. The merchant takes out what he pleases and when he pleases, on paying the tax and the warehouse charges. Of course he waits to the last moment, when the goods are really wanted by a consumer or by a retail tradesman; and in this way he avoids locking up his capital.—In the same way, if five millions be paid on malt, that five millions is advanced by the maltsters; it is again advanced by the brewers, again by the publicans, and finally paid by the consumers. If we could delay the payment till the end of the process, then neither maltsters, brewers, nor publicans would need to make this large advance. At present, the maltsters and brewers want larger capital for carrying on their trade, by reason of this tax; and if the publicans do not, it is only because they receive credit from the brewers, and this increases the risk of bad debts to the brewers. On the other hand, if the five millions were taken on the growing barley, the farmer would be so emptied by it, that he could not pay wages or otherwise carry on his affairs. If indirect taxes are to be levied at all, there seems no question that Mr. Banfield's generalization is economically just.

Politically, of course, there is a limit. To collect a beer-tax from each person at the moment of his lifting the cup to the lips, is impracticable ; but the nearer to this crisis the tax can be postponed, the better.

Still, the most important distinction of taxes seems to be, into, Taxes which hinder industry, and, Taxes which do *not* hinder industry. All other* distinctions are secondary to this. A tax is not mischievous for what it orders to be paid, so much as for what it hinders from being produced. The Direct Taxation of southern India is far worse in this respect than our worst Indirect Taxation, which with us is alone liable to this objection. I have explained how a tithe on corn will hinder a farmer from improving his cultivation : the same principle meets one at every corner in Indirect Taxation. Thus, if such taxes are to exist at all, tea and tobacco are very suitable articles to be taxed ; yet the tax lessens the number of ships built, and shortens the employment of a large number of artizans and seamen. Nor can it be replied, that the capital is only diverted into other channels : capital is apt to stagnate for want of a suitable investment. This is a real objection even to the best Indirect Taxation. The great and undeniable excellence of an Income Tax is, that it can never pervert trade into artificial channels, nor make any branch of industry less profitable. At worst, it en

* This is said *economically*, not *politically*.

feebles the work by lessening the capital that is to carry it on ; but this is to be apprehended only in countries which are deficient in capital : whereas English capital is constantly overflowing. Compare England as she is, with England 40 years ago, and I think it will appear to be not the absolute amount of our taxation that is formidable, but the vexatiousness of the mode.

Here, as in other things, our difficulty is a *moral* one. Past governments have been prodigal and profligate : every government has a bad reputation for spending, and the nation pays grudgingly. Public spirit in individuals, as for raising useful structures in their native town or parks in its vicinity, is not quite extinct among us. When people can see what good their money does, liberality is not wanting ; and, if properly cultivated, might be made contagious. But with an enormous *centralized* system like ours, where millions fall into the treasury, and are to go out nobody knows whither, it seems to be beyond human nature to pay taxes willingly. Whatever the cast of a man's opinions, it is almost inevitable for him to disapprove of many of the uses made of the public money, not to speak of the neglect to husband existing public estates. While a government does something else than govern its own people at home, it cannot hope that its people will ordinarily feel sympathy with its proceedings, or willingly pay money to sustain its action. This, I believe, is our main difficulty.

Hence it is that the Indirect Taxes are collected with so great expense, and the Direct ones often with harsh despotism. An army of revenue-service lines our coasts, to hinder smuggling. A ship must sail many leagues farther than she wishes, to carry her goods to a Custom House: and many other expenses besides are added. Small ships would be ruined by these: a premium is thus given to large vessels. In the Excise, the hindrances to improvements in manufacture, from the constant fear lest the revenue be defrauded, are an enormous evil: then the expense of Excisemen is another incubus. It was only in 1842 that a vast heap of Customs duties was swept away in a single act by Sir Robert Peel, on above 400 articles, which brought much vexation to industry and barely repaid the expense of collecting. Such taxes are the heritage of the late war, in which our government lavished hundreds of millions sterling for a futile object, and grasped at every sort of tax without trying to ascertain the consequences. The years of misrule were indeed far longer than has since been our period of incipient reform; and it is no marvel that we are not yet clear from the disease then infused into our economical system.

The thing to be *desired* is, that the government and nation should have mutual confidence, and that people should lay aside that "ignorant impatience of taxation" of which Lord Castlereagh complained, when he and his colleagues had made the burdens greatest. But this desirable result is im-

possible, until the Government becomes manifestly economic,—I may even say, manifestly frugal. The whole topic is a Political one; and therefore I must be allowed to assume as a postulate, that there were this good understanding between the government and the nation; then it follows to ask, What sort of Taxes are on the whole least oppressive to us, a certain large amount being needed?

The first reply is, "Such Taxes as do not interfere with industry, and do not cost too much in collecting." This would suggest that *all* the taxes should be Direct; except when the expense of collecting would make them worthless. Certainly the vexatiousness of an Excise to all those employments in which improved methods might otherwise be hoped, seems to make it the worst of our taxes when applied to processes of art, as soap and paper.

A second reply is, that "all *old taxes* (whatever other defects they may have) tend to diffuse themselves equally over the community, provided that there is civil freedom and equal law." Thus if beer and tea have been taxed for fifty years at their existing rate, this has probably become calculated on in the wages of many trades, and has affected the cost of production of articles, so that the tax is partially paid by the consumer of those articles. For instance, if colliers need to drink porter, or think they need, a tax on porter that is fifty years old is probably no burden to the collier, but is paid by the consumer of the coals.

Where a whole nation is well fed and housed, property may have been taxed unequally, and the little properties may have been unfairly treated, yet, we are sure, nothing *but* property has been taxed. On the other hand, by a process of halfstarvation something might be squeezed out of those who are now in physical welfare, but have *no* property. When a part of a nation is notoriously ill provided, it is very difficult to judge what share in this is imputable to taxation. Those who are in physical affluence are too apt to argue, that tobacco, and sugar and tea and coffee and spirits are *not necessities* of life. Certainly they are not, to those who have plenty of bread and meat and milk and butter and eggs; with warm clothing and good fires: but to those who can only afford bread and water, who find meat, eggs, butter and milk too expensive, and who are exposed to wet and cold, something to give a taste and stimulus and warmth *is* a necessary of life; and large experience indicates that cheap coffee and tea are the best remedies for the fatal tendency to gin and other spirits. Even tobacco may be a necessary in raw damp weather. I cannot therefore look with complacency on any but a light taxation on these innocent luxuries, although it is impossible to recommend its immediate and total abolition.

In fact, if our whole system of Indirect Taxation were at once swept away, and *the same revenue* raised by a Direct Tax, (which might require 12 per cent. on all incomes above £50,) it is a great error to imagine that the poor would pay none of this.

The effect of such a change would be convulsive. Noblemen and wealthy commoners would greatly lessen their higher luxuries, as pictures and other indulgence in the fine arts; many carriages and horses would be sold, large numbers of coachmen, footmen, and grooms would be dismissed, many wealthy tradesmen (as coachbuilders, upholsterers, and others,) and professional artists and superior artisans would suffer an enormous decrease in their trade. In turn these would be forced to economize, and to lessen their indulgences, both on account of the increased tax and far more on account of the lessening of their gains. Thus the suffering would be propagated downward towards the poor. The wages of household servants would probably everywhere fall largely, and even so, many women as well as men would be dismissed.—In compensation, undoubtedly those special trades which are now annoyed by Indirect Taxation would enjoy immediate gain; and in the course of some years the prosperity would diffuse itself gradually over the rest of the nation: but meanwhile, the rest would have a time of severe suffering, of which no one can predict the results.

This is but part of a general principle,—the *rigidity* of our social economy: whence all great changes are painful. Sometimes they are inevitable; but when they are not, we need to inquire anxiously, whether the demoralization induced by the state of transition may not more than neutralize the economic good hoped for by the reform.

It is a most delicate question, whether changes, when necessary, ought to be sudden and total, or gradual and foreseen. I believe it must depend on the nature of the case. A *diminution* of duties, it would seem, ought to be sudden and total; for if it be foreseen, the trade is paralyzed in expectation of the favourable moment. But an *increase* of any tax should, if possible, be foreseen and gradual; and in this way alone could the Income Tax receive any considerable increase without severe distress. If that increase were foreknown for five or ten years, arrangements would be previously made to bear it.

But, in concluding this subject, I must touch on the practical objections which are urged against an Income Tax. They are principally two: *first*, that it is unfair to tax transitory income as high as that which is permanent: *secondly*, that the impossibility of settling exactly what a tradesman's income is, makes the taxgatherer inquisitorial, despotic, and unjust. I shall speak of each objection separately.

There are some who say that men ought to be taxed on the *present value* of their property. This is specious, but, it seems, unsound, if the taxation is to be annual, and not once for all. Put a case. Two men possess a capital of £100 each, yielding £4 a year. One of them sells out, and spends his whole £100 in the year. If each of them is taxed that year the same, (on the ground that the present value of their property is the same,) the one pays once only; but the other will pay that same tax every year for ever. This seems to be a penalty on

forbearance, and I cannot understand why a man is to be taxed less, because he uses up the property at once.

Admitting the opposite principle, that properties of equal present value are liable to a *total* equal taxation, it will follow that if an Income Tax of 5 per cent. is levied, the man who turns the £100 into income ought to pay £5 upon it, while the other who invests it ought to pay only 4*s.* a year, as the percentage on his annual £4. In that case we have a plausible reply to the objection, that transitory income ought not to be taxed at the same rate as permanent: the reply is, that transitory income will undergo transitory taxation, and permanent income permanent taxation. I call this plausible; for it is mathematically perfect. If two persons have properties of equal present value,—the one in perpetual annuity, the other in an annuity to last 40 or 80 years; and if each annuity be taxed at the same rate,—the one for ever, the other for the 40 or the 80 years;—then the present value of the total taxation endured by each is the same. Nor will any irregularity of income derange the result. Nevertheless, there is a practical injustice rising out of the tax *not* being perpetual. Returning to the two cases of £100 each;—if we taxed the one man £5 outright, and the other 4 shillings a year *for three years only*, and then removed the tax, it would be grossly unfair. The one will have paid £5, the other (in present value) less than 12 shillings.

Thus it is the want of permanence in the tax which makes it unjust to transient incomes.

At the same time it is undeniable that the penalty on forbearance, of which I spoke, is now actually imposed by every Income Tax. If two persons of equal properties and equal necessities receive equal incomes, but one of them spends his whole income, while the other saves and invests £100 of it; they are taxed equally that year, but he who saves is taxed over and above every year for all the future proceeds of his saving. To be consistent, an Income Tax ought every year to except from taxation that portion of a man's income which he invests, and tax only that which he spends on enjoyment. If it is often practically impossible to discriminate, it is also often possible; and it is a bad system to make every difficulty a plea for severity and extortion. Perhaps this is, after all, what is meant by the complaints of taxing transient income. The real thing felt is, that the savings made out of income for investment ought not to be twice taxed, first as income, next permanently in its fruits.

It is said, indeed, that the procedures of business are so complicated, that in many cases a man does not nearly know what is his income. That he seldom or never knows the value of his *property*, is obviously true; and every attempt to tax men by its present value, would be enormously unequal. But every man must be able to know, from time to time, the clear *money* realized; and, since mercantile

goods are never bought as a permanent possession, a *perpetual* Income Tax would sooner or later come on all of them, as soon as the real gain from them was made safe. Perpetuity, here also, seems to me to remove the great difficulty imagined, if the taxing officers do not grasp at a premature harvest.

Income made in trade is very unequable, owing to large occasional losses. If a man gain (or think he has gained) £2000 one year, he may lose £500 the next; but the exchequer will not refund. Such being the unfair liability of trade, no Income Tax can give permanent satisfaction, nor is likely to be permanent in a free country, if it is not liberally administered. To bring about any moral union between the nation and government, the collecting officers must be taught that the government desires to be equitable, and not to scrape together the largest sums by methods rather questionable.

On certain *Professional* men and Tradesmen, also, an Income Tax is apt to press unfairly. A country surgeon needs horses and a gig for his trade, a town physician his carriage and coachman; nay, a grocer needs his shopcar. The expense of these articles should be deducted before a man's *clear* income is struck; and the collectors should be ordered to err rather on the side of liberality. But if they force the surgeon to swear that he has never taken his wife to church in his gig, or the grocer that he has never driven his children into the country for an airing in his car,—and, unless this oath is taken, gig and car are counted as vehicles of

pleasure, though all tradesmen know that they are essential to the business,—men are disgusted by the tax. If the percentage were raised and the tax interpreted liberally, it would be borne more cheerfully than a lower percentage while enforced harshly.

There is one more tax too important not to name, and too important also to treat summarily,—a Legacy Tax. Some have thought that a graduated Legacy Tax, putting a very high percentage on large bequests (and on large possessions inherited without a will) would be extremely profitable to the Treasury and not burdensome to individuals. Probably so, if the tax were very moderate on small amounts. It would also beneficially punish the mischievous practice of bequeathing lands deeply mortgaged, instead of selling a part to clear off debts on the rest.

Indirect Taxation is most valuable when taken on luxuries which have become habitual, such as tea and tobacco. The increase of steamers endangers an increase of demoralization through smuggling. Yet it would seem not hopeless to awaken in the public a higher moral sense in this matter, if the system were made more reasonable and less extortionate, and if rulers could gain credit for frugal conscientiousness. If this is impossible, all tax-paying is apt to be a struggle of fraud against power. Indirect Taxation is then, on the whole, the worst, because it unites economic to peculiarly great moral evils. In Direct Taxation, let it be admitted, there is a premium held out to deception: but, at the

worst, the deception is a single act, it is not a trade, or state of living. A man pays (suppose) £5, £10, or £20 less than he ought: there the evil ends. But smuggling becomes a mode of life, or pervades the whole life, and needs an enormous additional apparatus to controul it.

It is, lastly, to be remembered, *how many* systems of taxation we have, each needing a separate machinery. To collect 10 per cent. costs no more in officers than to collect 1 per cent. ; hence if we could raise our revenue by this method alone, we should dispense with the Excise Officers, the Custom House and Preventive Service, besides Officers of Stamps and other Taxes. In all this it is manifest that a large field for needful reform is still open to judicious statesmen.

LECTURE X.

Money and its Representatives.

§ 1. DIFFUSION OF THE PRECIOUS METALS IN DIFFERENT COUNTRIES.

IN the ordinary transactions of a village-market, men sell to get the means of buying, and buy for their own consumption; the sellers, however, by no means try to lay out in goods all the money which they receive. But in Foreign Commerce the merchant-ship which discharges a cargo would be generally well pleased to reinvest its proceeds in a new cargo. In fact, the payment being received in a foreign money, to carry much of this home is undesirable. If, for instance, an English ship at New Orleans sell her freight for dollars, she will wish to spend those dollars in native goods, such as are likely to be acceptable in England. If this is done, we see at once that the dollars might be paper, and the result would be as satisfactory to the Englishman. The intrinsic value of the currency is here of no importance to him, but only the relation between the cargo sold and the cargo purchased, as in the case of direct barter.

Hence it may happen that an English merchant can afford to sell goods cheaper abroad than at home. For instance, he may send out Manchester

cottons and sell them at Smyrna or Beirout for a smaller price than in London. Why? Because, if a return-cargo can be got, the gains from it make up for the apparent loss just before encountered.

I believe there is an additional reason for the same phenomenon. Just as an English publisher of a book, before breaking up his types, sometimes strikes off an additional number of copies to sell cheap in America or in the English colonies; so manufacturers employ odd time, and apparatus which it is well to keep going, to produce an extra quantity of articles for cheap foreign sale. But I drop this at present.

You may ask: Is, then, the intrinsic value of money unimportant? and why does its value vary? —To the former question I reply: If the merchant at Beirout sell his cargo for Turkish piastres and then pay away *all* the piastres for Syrian produce, then he does not care about the intrinsic value of the coins. But if he cannot find a sufficient number of goods suitable to buy, and is forced to carry off one quarter of the piastres, and try to make up his cargo in Sicily or Naples where prices are not quite the same as in Beirout, in that case the quality and quantity of the metal in the coin becomes important to him. As for the second question:—The value of gold in comparison to wheat or iron in England is decided by the same principles as the value of coffee or cotton; and as coining gold costs nothing to the bullion-owner in England, our coin conforms in value to our bullion. The same

class of causes which make sugar abundant in England and scarce in Turkey, make gold more plentiful here than there : at least there is no greater mystery in the one than in the other phenomenon.

A country which has no mines must buy the precious metals by goods ; that is to say, its exports must be valued at more than its imports, in order that a balance of gold and silver may be due to it. Thus a certain quantity comes in ; enough, let us say, to keep up the amount of currency which is found convenient. If things were stationary, and exactly one amount of gold and silver coin permanently sufficed ; then, after it had been obtained, an equality of exports and imports would sustain equilibrium. But if (as in Turkey) there is great internal decay, if cultivation lessens, if population dwindles, if cities are overthrown, if towns and villages vanish, if gold and silver are swallowed up by earthquakes or hoarded through fear and insecurity—all internal industry which needs capital is paralyzed. Then it is hard to find exports, yet a taste for many foreign goods leads to purchases ; hence, it is generally supposed, a balance of coin every year is paid to the foreign merchant, so that the Turkish empire is more and more drained of gold and silver, and *on that ground* prices continue to fall. This is a condition which the old Mercantile Theory presaged with horror, and which many States have sought to avoid by forbidding the exportation of the coin.

I do not myself understand how it is ascertained

that "*general* prices" are lower in Turkey than in England: the markets are so irregular. Wheat in Syria is perhaps three times as dear in March as in September: French shoes sell at an advance of 50 per cent., if a lady goes to buy them a fortnight too late. No doubt food, warmth, land, pure air, and fine scenery are cheaper in Turkey than in England, but protection and security are so dear as scarcely to be purchasable; hence the pure air, broad earth, and fine scenery cannot be enjoyed: and while some of the first necessities of life are cheaper than with us, a large mass of the conveniences of life is dearer. It must also be carefully considered that the scale of general prices does not depend on the absolute quantity of gold and silver in a country, nor yet on its relation to the commodities; but on the quantity *circulating* in the market, compared with the goods *ready for sale*. If in Turkey there were as much gold existing as in England, compared with marketable goods, yet people became slow to buy and prone to hoard, the prices of all goods would sink, exactly as if the coin were non-existent.

Economic doctrine, at first sight, may seem to repudiate a permanent depression of prices in Turkey, as compared to Europe, as simply impossible. Surely (it may be said) if general prices are very low in Turkey, *owing to the scarcity of silver and gold*, foreigners will be too glad to take advantage of it: they will come in and buy largely: their purchases will greatly exceed their sales; the ba-

lance will then turn in favour of Turkey, and coin or bullion will flow in. As inevitably as water rushes from the higher to the lower spot, so will gold and silver find their way to the place where they exchange to greatest advantage. A permanent difference of value for them in different countries appears economically absurd.

I incline to accede to this argument, although it perhaps assumes too readily that certain facilities for purchasing exist, which do not exist. An English ship may easily *sell* a cargo of cottons in Syria, because the articles are esteemed there and cannot be made so cheaply as we sell them; only to *buy* a suitable return-cargo is often difficult. To facilitate the operation, English and Italian houses have ~~resident~~ agents in Syrian towns, who make contracts beforehand at suitable times for goods destined to exportation. Yet the prevalent insecurity, the indisposition to employ capital on any large scale, the inclination rather to enjoy or to hoard than to use productively, leads people to spend on foreign articles more readily than to elaborate exports; whence a permanent decrease of the silver and a total vanishing of gold.—Still, whether the gold and silver in the market has decreased *more than* the material wealth of Turkey, I see not how to ascertain.

In contrast to all this, England has no disposition to hoard, and a vehement desire to use capital productively, as well as to consume. From the magnitude and regularity of our industry we overflow with exportable commodities. Hence we easily

purchase from abroad great quantities of gold, as of sugar; and it is correct to say that the same cause makes both these articles abound among us.

But, you may ask, assuming a relative scarcity and high relative value of gold and silver, does Turkey suffer any inconvenience from it? and would her state be bettered by the prohibitions of the old Mercantile Theory?—Some Economists will answer: She has *this* inconvenience, that her people can ill afford to travel or to purchase out of their superfluities any rarities of foreign art. If all our prices were half what they are, and every man's gold and silver and every man's debts were halved, we should be neither better nor worse, as far as English buying and selling is concerned. Moreover, all that part of our foreign trade which strictly resolves itself into barter might go on as now. But if a wealthy gentleman from his superfluities desired to take a tour in Italy, or purchase foreign pictures or a foreign museum, or a library of choice MSS., he would find his means extremely crippled. At present, since general prices in England range rather higher than on the Continent, a person who lives on two-thirds of his income finds the remaining one-third to go a great way abroad. But if all our prices were lowered, and all foreign prices raised, the case would be seriously altered. Thus while Englishmen feel travelling abroad cheap, to a Turk of proportionate wealth it seems unbearably dear; and while specimens of art or of antiquity readily find their way into England, they as readily quit the soil of

Turkey.—This view is at least plausible: that it is yet entitled to be advanced as scientific truth, I could not assert. What, if it appeared, after the last of our commercial restrictions are swept away, that the average price of food is as low with us as in Turkey, while the price of most manufactured articles (of equal quality) is less in England? If this shall ever be brought about, it will not enable Turks any the better to command foreign luxuries; nor will it *disable* Englishmen from expenses which they now incur: on the contrary it will facilitate their farther enjoyment. I suspect that the advantage enjoyed by England is simply in her absolute wealth, and that her imagined high scale of *general* prices is no advantage. With us certain great necessities of life have been harder to get than in Turkey, and this is a decided evil to us. But, at any rate, the cure to Turkey is not, to forbid the exportation of silver or of Greek marbles; (in fact, silver comes in, when marbles go out;) but to increase the security of property: then hoarding will lessen, stores of money will come forth, industry will increase, commodities will multiply, exports will be in abundance, and foreigners will pay balances of gold and silver.

Most governments, at some time or other, have debased the coin. The Turks have done it beyond all others, apparently because gold and silver is not to be had. In 1812 there were about forty piastres in a pound sterling; in 1830 there were seventy-two, and in 1836 about a hundred. Such debase-

ment acts exactly as the refusal to pay gold on notes, of which I shall presently speak. The money, being less valuable when proffered to foreigners, becomes depreciated towards natives: and if prices rise, every creditor is defrauded, when forced to accept payment in the debased coinage.

§ 2. BILLS AND PAPER MONEY.

I have before indicated, how, when two countries try to hold commerce, one which is disabled from selling may find it unprofitable to buy. The difficulty is sometimes eluded by the co-operation of several nations. Thus if a single country, as France, tries to exclude English imports, England may possibly, nevertheless, manage to buy of France nearly as much as she wants. For it might happen, that we sold so largely to Spain and Italy, as to draw thence a balance of money large enough to pay our whole debt to France, who in turn might buy of Spain and Italy, so that the money circulated back to them and enabled them to continue purchasing of us. In fact, however, the great operations of foreign commerce are, as far as possible, settled by the intervention of *Bills*, instead of money; to avoid the danger of losing it on the way. The balance which cannot be settled by bills, is principally discharged by uncoined bullion.

To understand the nature of bills, you may suppose a French merchant of whom an English merchant has bought goods, to draw a bill for £1000 on

the Englishman, and then to transmit this to Italy in payment for goods bought by the Frenchman in Italy. The Italian holder of the bill uses it to pay the Englishman for English goods. When it reaches the hand of the person on whom it is drawn, and is fitly acknowledged, it has fulfilled its office.—Bill Brokers are a special class of men who traffic in such bills; so that merchants know whither to go either to buy or sell them.

Another mode in which the use of money is economized, is, by transfers in Bankers' Books. If two persons have the same banker, and one of them wishes to pay a debt of £100 to the other, he can draw an order on the banker to that amount. The second presents the check to the banker, and requests it may be put to his credit. Thus no money needs to pass, yet the debt is paid.

When the parties have not the same banker, the matter becomes more elaborate; yet the principle is the same. The mass of payments made through bankers is so vast in England, that the actual currency does but a small fraction of the business of the country.

I previously explained how the first bankers facilitated trade by lending money; so that private traders no longer need to keep large hoards of gold and silver. Of course the Banking System is feeble, as long as bankers lend only their own money, which cannot be very large in comparison with a whole nation. But the banker also receives deposits of *other people's* money, paying either no

interest or a very small rate; and lends a large fraction of these deposits, as well as his own ready cash. People are induced so to deposit their money—1st, because it rids them of the danger and anxiety of keeping considerable sums at home; 2nd, because it facilitates both paying and receiving of money. So long as the banker lends prudently, and no public calamity like war or famine occurs, all is safe. In such calamity *no* property can be safe: but it cannot be denied that possible imprudence in the banker is a new and in some cases a serious danger to the depositor.

The principle of a banker's gain is always this,—that he gets higher interest on the money which he lends, than he pays on the money which is deposited with him. Deposits which may be withdrawn from him at any moment, are said to be left *on call*. On such, many banks pay no interest at all. If bankers were to lend so largely as to exhaust at once their own resources and nearly all the money deposited with them, they would be unable to answer the demands of payment made by the depositors. Experience teaches them what fraction of the whole it is safe to lend. If, now and then, the calls on them exceed this limit, and their store of cash is running low, they apply to some other flourishing bank, and get pecuniary aid from it, which is advanced on the security of the actual property to which they can point as their own.

If a banker, instead of lending money only, lends NOTES manufactured by himself, payable in

money on demand, he temporarily enlarges his capital by it, with an increased gain, but also with an increased risk. The longer his notes remain in circulation, if the number issued in a given time be limited, the greater his gain; for the longer he can defer the day of paying them, the more money he has meanwhile to spare for other purposes.

But how does the banker gain by issuing a note? for it is not yet clear *for what length of time* the person to whom it is lent is willing to pay interest.—The reply is found in the system of Discounting. A merchant or tradesman has money due to him three months hence, say £1000, from a quarter thoroughly reliable; but he wishes to use this at once, for some other advantageous or necessary purposes. He goes to a bank, exhibits his prospects, and asks "accommodation." The bank is willing to give it at suitable interest, say at 6 per cent.; which is equivalent to saying that it will advance to him about £985 now, to get his £1000 three months hence. He pays £15 all but a few shillings, for the accommodation. Now if the bank thinks it prudent to issue its own notes, and these notes are in result held by the public for the full 3 months, and the £1000 is then duly paid, the £15 is a clear gain to the bank, deducting only something towards the expense of the bank-apparatus. A bank in which the public has so much confidence that its notes are readily taken and even stored up like money, makes larger gains and can afford to discount at a lower rate, and is tempted to

be less scrupulous as to the quality of the securities offered. The same danger attaches to *new* banks, which want to push their way. If a banker, actuated by mercy, lends to a weak house, on unsubstantial securities, he runs a risk of being unjust to other parties: hence very rigid general rules of business are needed, and severe experience of bank-failures has barely been enough to teach this stern lesson.

Among ourselves the great eminence of the Bank of England unites all other banks into a single organic system with it. This vast establishment is really a private foundation. Bank Stock is bought and sold in the market like Railway Shares; and the shareholders are the partners in the concern. But the Government employs it as banker to the Treasury, and thereby confers on it a public position. If I bank with any London house, the bankruptcy of that house would involve to me some loss of private fortune; hence I have a personal interest in supporting it. So when the Government enters into relations with a bank, it becomes a direct matter of public policy and economy to uphold its solvency. Much more was this an imperative duty during the last great war, when the advances made by the Bank to the Government had drained it of gold. Out of this rose the celebrated Bank Restriction Act; which absolved the Bank from performing *the promise to pay* printed upon its notes, and at the same time declared them to be a *legal tender* in every debt. This great experiment, after twentyfour hours' agita-

tion and panic, entirely succeeded. The public willingly submitted, and the notes continued current. Yet, since they could not be used as legal tender beyond the English dominions, they were less available to a merchant than gold. He who had ten thousand-pound notes could no longer get gold for them on demand from the Bank, but was obliged to buy gold with them as he best might. But since every-body, for the very same reason, preferred two thousand guineas to 21 hundred-pound notes, he was forced to submit to loss in the purchase; thus an infliction was immediately laid on all the holders of the notes. A second or third set of holders might sometimes encounter a similar loss, if, while the deficiency of gold increased, they were forced to make foreign payments. And the deficiency necessarily did increase, because the gold was instantly either hoarded or sent abroad. No merchants paid their home-debts in gold, when they could pay more cheaply in paper, and when the gold, once parted with, was recoverable only at extra expense. Consequently all the guineas vanished from the common market.

An excessive issue of inconvertible notes, if persisted in, may suffer depreciation to an unlimited extent. As there is no getting rid of them, they become cheap like any other article which is poured in excess on the market. An eminent instance of this was in the *assignats* of the first French Revolution. Although their value was secured upon the confiscated land, this did not save them from a

tremendous depreciation. There are many theories afloat which find ardent supporters, for inconvertible paper. It is to be hoped that if science fails us, our timidity will nevertheless reject all schemes in this direction.

The question however arises, Is it a *necessary* consequence of an inconvertible paper currency, that it will exterminate all the gold? I believe the reply is: that this result must necessarily happen, except under a condition of things which would take away all possible reason for inconvertible paper; viz., if the exports of the State that issued the notes were always more valuable than its imports. If this were a course of trade on which foreigners could count, they would be certain that the notes would be sought after (like Bills of Exchange) to pay the balance that was due for goods: hence the foreigner would gladly take the notes, and the native merchants would have no motive for preferring gold.—But such a state of trade would make gold flow in freely, and thereby give the means of cashing the notes on demand; and, on the other hand, no legislation could secure the fulfilment of the condition supposed.

Ingenious persons have speculated on the advantages of a paper currency, overlooking (it might seem) the depreciation of it which foreign trade occasions. But even if there were *no* foreign trade, —if England, for instance, were the whole world, —an inconvertible paper currency would soon be depreciated by excessive issues. For, unfortunately,

the best-intentioned statesman has not an omniscient mind, to know beforehand what will be too much or too little. A State which can coin paper, and enforce its passing, has an unlimited power of spending, and the temptation to use it is great. Some method, then, is essential for lessening the number of notes, if, through the necessary ignorance of statesmen, the issue have been excessive. The only test of excess is found in the fact of depreciation. Thus if a thousand-pound note will only sell for 999 sovereigns, notes clearly ought to be withdrawn. But there is only one way of withdrawing them, viz., by paying gold to any one who wishes it. Thus the *convertibility* of paper to gold is always practically needful to check depreciation; and any notorious depreciation will presently make the gold vanish.

While paper notes are convertible, all traders find in them the great advantage of portability and secrecy, and the nation saves a vast sum in escaping the wear and tear of gold coin. The Bank of England now has *branch* banks all over England, which issue their own notes and pay for them in gold on demand; in London they are all of them without distinction payable.

It may almost seem that we have reached the point, at which no panic which is not grounded on fear of Political revolution can shake the credit of the Bank of England; which has been unaffected in our severest commercial crises.

§ 3. CREDIT AND ITS SUDDEN DESTRUCTION.

Although in my first lecture I touched on Commercial Crises, I cannot here pass the painful and alarming phenomenon, without explaining it to the best of my power. It forms part of the great system of CREDIT, in which we seem to move and breathe.

Credit is not a creation of new Capital; yet the phenomena so suggest the idea, that people may almost be pardoned for having believed it. Credit is the principle which allows one man to use the capital of another; and hereby to convert to service capital which perhaps else might lie idle. To put the simplest case: suppose a man of such notorious probity and skill, that, though he was exceedingly poor, people would trust him to any amount. If he desired to enter any business, as that of a ship-builder, he might pick and choose all that he needed from many quarters. He might take timber out of one store, iron and copper from another, tools of all kind from a third, besides sailcloth, blocks and ropes; he might borrow money of bankers to pay workmen's wages, and construct a ship; finally, having sold his ship, he might replace with interest all that he had borrowed, and retain some handsome remuneration for his own service and anxieties.—Now when we ask whether the nation is any better off for the trust which has been reposed in this man, the reply depends on our ability to judge whether the materials which he has made

serviceable would have been applied to equally good and rapid service by others, without need of credit. A large part of the national capital may perhaps meet with immediate employment by its owners; but if all trades are industrious, they are very apt to produce more of everything than can be instantly purchased for the purposes of other trades. Then Credit steps in, to quicken the use. Indeed the more active every trade is, the more urgently it calls for the system of Credit, to aid fresh production. The manufacturer who has just produced five thousand shawls, does not wish his machinery to remain idle and his workmen unoccupied until the shawls can find their way to the backs which they are to grace. Unless merchants of large capital speedily relieve him of them, he must borrow money of a banker *on the credit of these shawls*, and apply the money to buy new materials, pay new wages, and again set his indefatigable machinery at work.

A debt secured upon a *thing* which is in actual possession, provided its estimated value is considerably greater than the debt, is reasonably regarded as safe, and needs not to cause anxiety. But when once this rigid rule is overstepped, and property is lent on the security of personal character alone, infinite anxieties come in and frequent great injustices to innocent creditors. Credit, on the large scale, is too deeply rooted in the nature of our social industry, to exterminate: we have only to think how to improve it; nor does the theory of this seem difficult. But, on the small scale, where

mortgaging property is impossible and would be ridiculous, there to destroy the system of Credit entirely seems easy and much to be desired. I refer especially to *shopdebts*. Heartily do I wish that shopdebts were pronounced to be after a certain day irrecoverable at law. The effect would be, that no one would be able to ask credit at a shop except where he was well known and for trifling sums. All prices would sink to the scale of cash-prices. The dishonourable system of fashionable debtors, who always pay too late, if at all, and cast their deficiencies on other customers in the form of increased charges, would be at once annihilated. Shopkeepers would be rid of a great deal of care, which ruins the happiness of thousands, and a speedy remedy would be brought to the extravagances of young men at the Universities. Nor is this all; but, unless I mistake, another very desirable result would follow; namely, the moral bond between customer and dealer would be strengthened. Very many persons, for the convenience of the thing, would lodge small sums in the hands of their tradesmen, *on account*;— five pounds to the bootmaker, ten pounds to the tailor, ten or twenty or thirty pounds to the bookseller, and so on, according to a man's means, taste, or the size of his family. Those who did not find this convenient, would probably limit their purchases to a smaller number of shops, so that shopkeepers would better know what amount of custom they had to expect. Certainly the long-continued habit of dealing with a particular shop has the

advantage of cementing different orders of society ; a moral object which is far more important than that of saving a small sum in prices or getting articles of more perfect quality.

If the principle of Credit could be strictly limited to advancing money *on things mortgaged* to the lender, it would extinguish Bankruptcy and all its evils ; except where positive dishonesty was practised. At present, a large part of the trading community is necessarily at once debtor and creditor, and depends on the solvency of others for its own solvency. The brewer trusts the publicans with large supplies of porter and ale ; and, hoping that they will be solvent, borrows of the bankers himself. The manufacturer, or the merchant at his side, trusts the retail shopkeepers with quantities of goods, and applies to some bank to make fresh advances on the credit of the sums due to him, as exhibited in his ledger : he perhaps attains his end, by inducing a kind friend, who thinks well of his judgment and trade, to endorse his bill. I see not how to doubt that this network of debts is essentially bad, and nowise necessary.

When a mercantile house which has been trusted largely, fails to meet its engagements, a certain mischief, more or less widespread, ensues. Creditors are injured, and possibly, in turn, cannot do justice to *their* creditors ; and so on. But it is well if the evil stays there. A worse result is sometimes the moral one—the panic caused in the public by the loss of faith. Moral evils are always our worst

evils. Just as, in political affairs, an eminent man, who after being trusted by the nation sells himself to an enemy, does still more harm by the discredit which he casts on all patriotism than by the direct mischief of his single apostasy; so, in mercantile affairs, a general and painful shock is given to all Credit by great and unexpected failures. The most visible and palpable kind is that which too often agitated England thirty and forty years ago, in the form of *runs upon banks*. If one bank had failed, and numerous poor people lost their deposits or found the notes in their hands useless, the holders of notes belonging to other banks would make a general rush to get them changed into gold. Many solvent firms were forced to stop payment for several days, in order to bring down gold from London; but meanwhile the public agitation increased and spread, under the belief that this was a pretence; and when a sudden demand for gold was thus made on all sides, *all* could not get accommodation, and many of the weaker firms were overthrown.

When the celebrated "Bank Restriction Act" had been passed, and in consequence the gold-currency vanished, as I have described, a sort of premium was thereby offered to the issuing of notes by private bankers: for if people could not get gold, they did not much care whether they had private paper or Bank of England paper; and many country farmers to this day like the notes of bankers whose faces, houses, and lands they know, better than notes marked with unknown names.

Hence private banks exceedingly increased in the latter part of the war. The return to peace gave a violent change to the industry of the country; great losses followed, and in 1814, 1815, as many as eighty-nine banks broke. The next great Commercial Crisis was in 1825, 1826. The country had been afflicted with too much prosperity, and could not find sufficient investments for its wealth. Hence the wildest schemes gained favour. Companies of all kinds were formed, and shares were rapidly taken by the public. Millions were wasted on both sides of the Atlantic, and in 1826 the rebound was dreadfully felt. The run upon the London banks was unparelled. To economize gold, the Bank of England reissued its old onepound notes which had been destined to the flames, and the public received them with satisfaction. Eighty banks fell in this memorable time. After it, to avoid similar scenes, onepound notes were forbidden, with excellent result. The holders of the fivepound notes belong to a better-informed part of the community, less subject to contagious panic. In Lancashire, moreover, the private bankers have entirely given up issuing notes.

A decidedly milder crisis was that of 1837; and still more limited in extent, though violent in certain directions, was the last of these dangerous events, in 1847. It would appear that our merchants and bankers do, on the whole, learn by experience, and that the successive crises are less and less formidable: None in this century seems to have equalled the

celebrated South Sea Bubble in the last.—The Natural History of them all of late has been the same. Overflowing wealth makes men long for means of using it to profit; speculating projectors then propose companies and gather money: enormous waste of means follows, and after it comes a universal distrust and unwillingness to part with money. Then honourable debtors who have *property*, and have depended on bankers to advance *money* to them on the security of their property, cannot get advances; for the bankers are forced to hoard the money, in dread of a run upon them. Moreover, those bankers who do not issue notes are liable to have an unusually large part of their deposits withdrawn at such times.—Happily, the English nation now look on the Bank of England as though it were a part of the State. It is seen that the calamity of its failure would be too great for the State ever to allow; hence its notes are received with absolute confidence. In the last crisis, the results showed, that a temporarily enlarged currency was really wanted; but the Bank had been disabled from giving this assistance, by a celebrated Act passed in 1844 by Sir Robert Peel, which limited the number of notes that might be issued except when demanded in exchange for gold. It was imagined that this would give additional stability to the Bank. Experience seems to have decided that those were right, who deprecated a numerical enactment which could not rest on scientific principle. The distress to traders from want of money (I do not mean

want of *property*, but want of *notes*,) continued, until the Government used an extreme right reserved to it, and authorized the Bank to neglect the restriction. Thereupon the pressure for money soon subsided; private bankers no longer held the notes so tight, when they knew that more could be got from the Bank of England; it thus became manifest that the fear of wanting them was that which caused the want. It was also a strong proof of the Bank needing no such artificial support as the Act of 1844 would give it, that its notes were hoarded exactly as if they had been gold.

No system of currency can be good that is not selfregulating; for no statesman can possibly guess how much or how little is wanted. I have explained how our *gold* currency regulates itself. If it is deficient, the private bankers press on the Bank of England, and force it to send bullion to the Mint; if it is excessive, the sovereigns get exported.—As for our *paper* currency, if it is ever excessive, the public presently checks this by presenting the notes and demanding gold. *But if it is defective, the public has no relief*; the system does not enlarge of itself; for in a panic, the bills of private houses often would not be trusted if they could be obtained. Yet it is a cruel thing to honourable traders, who possess property to meet all their engagements, if they are dishonoured or ruined because the national currency is not duly supplied. Considering the public functions of the Bank, it seems unreasonable that it should refuse notes in discount *solely* because a

certain large number is already issued. Provided that it is scrupulous as to securities and asks a high rate of interest, there seems no danger from an unlimited amount of accommodation.

You may still ask, *Why* was a larger currency than usual wanted?—The amount of currency needed, generally increases with the magnitude of payments to be made, and the slowness of the circulation. But if chilling fear palsies the commercial heart, the circulation stagnates; notes, as well as gold, get locked up. Hence the moment a panic occurs, the Bank of England will do good service by increasing its notes indefinitely, *i.e.*, by discounting to all who have good security. But besides, in 1847, food had simultaneously become dear, and great works in railways were going on, which things cause a great increase of spending and a legitimate demand for an unusually large currency. —On the contrary, it is in seasons of prosperity, when Capital is beginning to overflow and Interest is depressed, that the real danger of lending too uninquiringly comes on the Bank of England and on every bank. Those are the times in which the great losses are encountered, the suffering from which afterwards produces the dreadful crisis.

I fear to lead you into a vexed controversy, if I touch on the question, "Whether the Bank of England, being a bank of deposit as well as a bank of issue, is thereby tempted to use its great powers to the public mischief for its private benefit." I have never been able to understand the argument.

Every bank, I repeat, in times of prosperity and high hope, is liable to lend unwisely; no doubt, if the Bank of England did this, its magnitude would make the results more terrible. But, on the other hand, its rigidity and adherence to precedent go far to secure it from all ordinary danger. Nor can the Bank force Interest up or down at its pleasure. The rate at which it discounts, is dictated by the state of the market, just as all other prices are. When gold is drawn fast out of the Bank cellars, and it is hard to get loans of money, the rate of interest for discounts rises everywhere, and of course rises with the Bank. When, on the contrary, gold is poured in plentifully on bankers, the rate of discount falls.

Another controversy, famous with some, is, about the *mint-price* of gold. This also seems to me to involve a fundamental mistake. The Mint does not settle the *price* of gold, but merely how much gold to put into a sovereign. This is all that is meant, by saying that the Mint (or the Bank) must give sovereigns (or notes convertible into sovereigns) at the rate of £3 17s. 9d. for an ounce of bullion. The only questionable thing is, whether the Mint ought to coin without charge.

LECTURE XI.

National Debt and Poor Laws.

§ 1. MORTGAGES,—PRIVATE AND PUBLIC.

DEBTS attached to definite pieces of property, I have avowed to be legitimate and safe transactions. Nevertheless, there are certain kinds of property as to which mortgages are extremely undesirable, namely, when a divided ownership is embarrassing. Whether a bale of silk belongs to one man or to ten, matters little; but if ten men possess the same house, the case is awkward enough. This actually happens in India. In many districts of the north the families used to practise a sort of Communism, which our magistrates did not understand. Five families, perhaps, lived in one house and possessed one farm: they elected their best man of business as manager and trustee. If he was unfortunate, and could not pay his taxes, our collectors sold *one fifth part* of the property by auction; and the purchaser found himself to have a legal title to some fifth or other of a certain house and some fifth of a certain field; but which fifth, he did not know. A report made by a Government Commission a quarter of a century ago described the confusion of property, the violences and the entanglements of

industry arising from this cause, as so frightful, that any injustice which should really settle some one in possession would be preferable.

Such a state of things is a sort of extreme limit, towards which mortgages of land more or less tend. A mortgagee is never regarded by us as a part-owner, nor has he legal power to touch the article mortgaged, unless there is some failure in performing the contract: but if land is thus mortgaged, and an annual payment from it stipulated, it may easily happen that the fact itself impedes improvement by crippling the landlord. All landed estates which have been long in the possession of one family naturally become encumbered by settlements on sons and daughters; so that after several generations the ostensible proprietor inherits all the pride and name of the estate, with all its habits of expense, but with exceedingly reduced means. It is desirable, alike for the individual and for the public, that some limit be set to the legal amount of fixed charges on land. For the individual; because few men have strength of mind voluntarily to sacrifice the show of large possessions, however great its embarrassment; although it would be for their welfare to sell a part of the estate in order to pay off the debts. For the public; because a deeply-encumbered landlord is unable to promote those permanent improvements in cultivation, for which tenants look reasonably to landlords. But here a Political is still more powerful than the Economic reason. The Feudal position of a landlord is by

no means wholly obliterated. Political influence exceedingly depends on landed property. Hence there is a powerful temptation, not merely not to sell land in order to clear off old burdens, but even to buy with borrowed money. If landed property is to have political influence, the nation has a right to insist that the property shall not be fictitious. No class of persons is more dangerous to a State than those who have the external pretensions and pride of aristocracy, combined with real indigence. Hence political reasons confirm and justify the propriety of a law which Economy would suggest, to limit the legal extent of landed incumbrances.

Similar remarks apply to underletting. If the State parts with the land to individuals, this can be justified only by its coincidence with the public benefit. It is, therefore, a very legitimate topic for public law to regulate—under what circumstances and to what extent underletting, or even nonresidence of proprietors, shall be allowed. All these things have swelled the misery of Ireland.

Some meritorious Economists write in such a tone concerning CREDIT, as apparently to justify the satirical representation, that the great use of a high reputation is, to assist one to get into debt. The system of debt does, indeed, seem to pervade English industry to a formidable extent. A man spends £20,000 on works, and immediately mortgages them for £10,000; which, added to his remaining capital, enables him to carry on business. Now if we ask,—Why was he not satisfied to erect

smaller works, and conduct them without borrowed capital? the reply is, that he hopes to get an average of 8, 9, or 10 per cent. for his capital in trade, while he will pay 4 or 5 for that which he borrows on the security of his fixed property. If so, it is like a loss of 4, 5, or 6 per cent. on £10,000, if he refrain from borrowing, or from £400 to £600 a year indeed the more he can borrow on the credit of his works, the greater his expected gain. Men subjected to this temptation, are apt to forget the slavery and the dangers in which all considerable debt entangles one; and it may be suspected, that the system is often carried much too far, so as to precipitate calamity when a great market is shut or new taxes are imposed.

But in nothing has this system of mortgaging been so prodigious, as in regard to what used to be called the King's Debt, but is now, in courtesy to royalty, named the National Debt. It is a mortgage laid upon an intangible sort of property,—upon Taxes; and is at present about 770 millions. There could not be a more signal breach of the muchboasted but muchviolated English Constitution; for it belongs to each House of Commons in turn to enact taxes at pleasure, and no existing House has any right to engage that taxes shall be voted by its successor. I pass rapidly over this and many kindred topics, as political, rather than economical. If, however, taxes are to be mortgaged, at least some limit needs to be set, both as to the total amount to which we may dare to burden following

generations, and as to the length of time. To undertake eternal payments is a monstrous absurdity. Indeed if all our loans in time of war had been contracted with the condition that interest should in no case be paid for longer than 100 years, they would have been obtained either on the same or on very nearly the same terms ; and our debt at present would be of a very manageable amount. It is an excellent rule established in many of the American States, that no interest or payments shall be guaranteed on any loan for more than 30 years : hereby each generation is made to bear the burden of its own wars. Those States, however, have independent systems of taxation. In England, where a centralized treasury absorbs payments from every county, it is to be apprehended that the blocking up of one drain on its wealth will only lead to the opening of another.

In ancient monarchies and empires, the ruling power always regarded it as of first importance to have a wellfilled treasury of reserve : and the very knowledge that such a store existed, gave strength to a government. This we now leave to semibarbarous powers. Let the Shah of Persia on coming to the throne eagerly take possession of his father's treasures : let the notoriety of his wealth make all the petty potentates around tremble. The crown of England disdains such aid : it allows the money "*to fructify in the pockets*" of the people, well assured that it can be had in any emergency.—I

fear, indeed, that this doctrine is invented to console us in our mutilated state, like the theory propounded by the Fox who had lost his tail. If one-hundredth part of the millions which have been wasted in abortive or hurtful warfare, since centralized taxation began, had been lodged safely in the Tower of London, and no debt had been incurred, far more money would have been left "to fructify in the pocket"; a reserved treasure of ten millions might lie in the Tower, and the people would be *more* willing than now to bring out their stores in real need. At present, the supreme Government is in unseemly dependence on a few monied capitalists, who do not choose to lend large sums, unless they be added to the old debt. Only one way exists, by which it is at all hopeful that this monstrous system can be brought to an end, viz. by converting Perpetual into Terminable Annuities. Unless this is done in good time, a violent catastrophe is exceedingly to be feared, from the want of moral basis in the whole transaction.

However, no evil can be inflicted on men, no loss, no injustice, but long time and kind Nature and incessant strivings mollify it. If a volcano were to overwhelm our fertile fields, we should after a time quarry into the lava to make houses and snuff-boxes; we should export it, we should build upon it; and a theory would come forth, that the apparent calamity was a source of riches to us. Just so it has been with the National Debt. As the govern-

ment is a steady paymaster, shares in the Debt are bought and sold: it is called the public *Funds*, and is vulgarly thought to be a fountain of mysterious gain. Bankers, Insurance Offices, and Trustees hold a large mass of it: annuities in it are bought for household servants, and an interest in it is diffused far and wide in the community. A theory is in consequence started, that a National Debt is really a great national convenience.

It may nevertheless seriously deserve examination, wherein consists the mischief of a Debt, if the interest be paid only to individuals of the nation. The primitive mischief of course was, in the wasting of the capital. But as, in all probability, the larger part of that capital would have been wasted quite as much in some other way, either on immediate enjoyment, or on foolish schemes;—since, in short, England overflows with capital as she is; we must forget that waste, as something past and gone. If so, our present position is exactly the same, as if our rulers had arbitrarily enacted that *one part of the nation and its heirs should for ever pay a vast tribute to another part of the nation and its heirs*. The nation collectively would not be the poorer for this, unless the receivers of the tribute were in consequence made more idle. In part, that might follow: but if there is so much energy in the wealthier classes, that this can hardly be alleged as the evil, such an arrangement (apparently) must tend, not to lower the average wealth of the people, but to aggravate the contrasts of wealth and poverty.

What is called "the convenience" * of the Debt viz., that it affords people an easy investment, appear to me one of its grievances. The State has virtually taken on itself the responsibility of finding investments for individuals, to the amount of 27 millions a year. This can only be done by the labour and thought of the community.

The payments for the Debt are borne by Great Britain alone, the taxation of Ireland being very small. We may then say that a population of 20 millions, or 4 million families, pays 27 million pounds sterling; or, on the average, nearly £7 per annum for each head of a family. As I before said, *old* taxation tends to shift itself equally over the whole community by affecting the prices of *all* things, even the rate of wages; but this is only a tendency, not an accomplished fact. No one can form any near estimate what is the real direct burden to poor or rich. But let us imagine that the equalizing power of long time had ground off all the asperities

* Another alleged advantage of it, is, that it makes the monied classes so "conservative," and thereby diminishes the chance of domestic tumult! Might we not rather put it thus: "It exposes the State to such extreme danger from temporary disorganization, as to give tremendous power to agitators who are too ignorant or too frenzied to regard the danger"? We have seen in Paris, that the monied classes disliked, yet promptly accepted, a republic, merely because they dreaded nothing so much as a new struggle. Perhaps a future age will count it to be the great calamity of the nineteenth century, that the political judgments and aspirations of the wealthier and more cultivated classes are paralyzed by financial dangers. Hence low, ignorant, and desperate demagogues derive an astonishing power. The selfishness of wealth needs no artificial increase.

of taxation : it will still remain to inquire, whether the nation is the worse for a tax laid upon one part and paid over to another part.

Economically, we at once object to the expense of the machinery. The collecting of these taxes probably costs 2 millions a year, and the managing the debt something considerable : this is obviously a clear loss. But an enormously worse evil rises out of the want of a moral basis in the whole affair. If all the taxpayers were willing,—I mean, if men paid the tax as willingly as their legitimate debts,—it could be paid with little loss by a direct impost ; but now it has to be scraped up in a variety of wasteful means, which impede and cripple industry.

That England is able, if she were but willing, to terminate her debt, appears undeniable. Since we have been a nation, never were we so rich as now. The mere abolition of restrictions on the import of food has recently made us at least twenty millions a year richer than we were ; and the capital which in times of overflow used to be wasted in wars or in foreign speculations has been employed of late in railways, not always beneficial to the undertakers, but certain to be ultimately beneficial to the nation. Our numbers are double what they were at the beginning of the century, our taxation far lighter than then. It is not the total sum, but the mode of raising it, and the want of good heart, which is embarrassing.

To the method of terminating the Debt by converting it into Long Annuities, there is no Economic

objection whatever : but all other modes that can be counted on as effectual* are liable to derange the course of trade ; and this is very impoverishing. In fact even the arts of luxury, when carried to a monstrous excess, cannot be suddenly laid aside without severe suffering. Moral changes of every sort, and changes in taste, are generally gradual ; were it otherwise, even moral reforms would give a painful shock to trade. In really bad cases, this may be inevitable. If national drunkenness is cured by a contagious enthusiasm, we rejoice in it, in spite of the ruin of the liquorsellers. But undoubtedly we should pity lacemakers, and milliners, and jewellers, and other purveyors to personal vanity, if, through a sudden change of the wealthy to a simpler taste, these trades were suddenly bereft of their custom. Hence any extensive and abrupt transfer of property from one part of a nation to another of different habits is a calamity similar to a great loss. The breaking out of a war ruins many, its termination is apt to ruin still more ; for the end is generally still more sudden and complete in its results than its opening.

§ 2. LUXURY.

That there is a vast and painful disparity among us,—an astonishing contrast of wealth and poverty,

* No method can be effectual, which demands the vigilant action of a succession of ministers. The celebrated *sinkingfund* which was to pay off the Debt, merely increased it by eleven millions. The necessary settlement must be made by a single, public, legislative act.

of knowledge and ignorance, is undeniable. The phenomenon was always thought scandalous in the States of antiquity, and a mark of incipient decline. One favourite method with early moralists for equalizing enjoyment of external good, was by what are called *Sumptuary Laws*. To forbid wearing gold ornaments, dining off gold plate, paying too much for fish, seemed to an old Roman natural and proper; and the laws continued in theory till late times. The moderns reject all such enactments, chiefly, I believe, because no principle can be found for defining and limiting them. There is no end of detail. Shall we forbid paying a guinea a bottle for wine, and allow of keeping hothouses from which grapes are produced that ultimately cost the owner 12s. a lb.? or if we allow the grapehouses, how shall we forbid a palace of glass built to contain a tropical forest? The interference with private life which would rise out of such questions, would be unendurable; and in fact no laws of this nature have ever outlasted the rigid uniformity of an infantine state. Still, it may be asked: What would happen?—would it be better or worse,—if all rich men voluntarily imposed on themselves sumptuary laws? And it is worth while to analyze this question.

If all rich men refused personal luxuries and lived in austere simplicity, they must do one of three things, I imagine, with their superfluity: 1. they might give it away to the more or less needy; 2. they might bestow it on some public objects; 3. they might try to invest it in profitable businesses.—

Now as to the first method, vulgarly called *Charity*, it is manifest that pure good is done, only when it is so bestowed as not to increase the mass of indigence. If I so give away, as to relieve need, without thereby relaxing the industry or confirming the imprudence of the needy, nothing can be better. But it is often hard to fulfil these conditions; and I believe there is no greater anxiety and vexation to very rich persons than the manifest evil which their liberalities produce. Nothing indeed is commoner than for such to complain bitterly of the ingratitude of the poor. A very generous and rich Irish gentleman told me, that he had observed for many years that the poor were better off in an out of the way mountain-district where they were allowed and forced to shift for themselves, than in his neighbourhood, where he and other gentry were extremely liberal to them. As for himself, neither his heart nor his religion would endure to drive the poor from his door; yet his understanding told him that if all the rich around could agree to do so, the poor would in the long run be the better for it*.—I do not produce this sentiment as an oracle, but as suggesting how evil is any system of Alms which can be *counted on* by the poor. As soon as such an expectation is established, the failure of it is a calamity, but its fulfilment is not felt as a relief. Gifts are then no longer gifts. He who *so* gives as to break down another's independence, is not doing good if he stops short of

* I suspect that in the mountain district they were less molested about rent when they occupied *waste land*.

taking on himself for life the task of maintaining the other. It would be far better for an overwealthy man to alienate his property in larger masses than to risk corrupting people by injudicious charities.

But, 2, there is never want of moral and intellectual and other public objects, by which a rich man may promote the general welfare; although here, also, if he bequeath money instead of bestowing it, intrigue of various kinds may thwart his intentions. But I pass from this to the 3rd head; profitable investment.

A rich man who saves his money and invests it profitably is, undoubtedly, a public benefactor. He both gives immediate advantage to workmen, and by accumulating ensures them still greater future advantage. Hence it will be seen that there is such a thing as a Liberal and Unselfish desire of Accumulating. The old moralists thought it despicable and *stupid* in a miser to try to accumulate more than he could possibly use; but their very censure of him was in a tone of selfishness. If he would have spent on his own enjoyment, they would have censured him less. Surely it is not a selfish nor yet a stupid thing, to sacrifice personal enjoyment and accumulate wealth for the avowed future benefit of *others*. Only when a man has not the heart to give on suitable occasions for present wants, we suspect that he is (after all) in intention keeping it for himself. Even such avarice, as long as it is just, is of little harm and of much benefit to the community; the victim of this vice is himself the

chief sufferer. But if *all* men limited their enjoyments very austere, it would be comparatively hard to find a profitable use for Capital; for no one would buy the things produced, unless they were of the most ordinary kind. All elegance and all fine art would thus be exterminated, and it is difficult to believe that this could be unattended with general mischief to the human mind. Too great severity would certainly not tend to national wealth, and probably not to national culture. The gifts of God were made to be consumed and enjoyed; and nothing is to be refused, *solely* because it is a luxury. Curious and beautiful things must be possessed by some one. We could not wish the breed of splendid race-horses to be destroyed, because they are expensive creatures to keep. The balance of passions by which men are actuated in the disposal of property,—love of comfort—admiration of elegance—love of power—love of display—love of friends—and pity for indigence,—seems to tend more steadily to the industry and wellbeing of the community, than any single principle on which some Moralists would fain reconstruct human society.

There is yet another light in which one part of Luxury may be regarded,—as a fly-wheel or regulator, that contains a reserve of food against extreme scarcity. It is not desirable for a nation to feed too closely up to its average stores; a margin of waste should be allowed as insurance. In severe pressure for food, every wealthy family is able to make a large diminution in its consumption, and if the

general scale of allowance in middling families is abundant, the possible saving is so great as to supply a most important aid in famine. The effect of ordinarily free consumption, with some measure of waste, is, to cause a larger ordinary production. Nobody is really the worse *fed* for this, though a loss is encountered of some other property: but such loss is not to be regretted, if it gives greater security. It is a branch of the same principle, which forbids a nation to live on the cheapest of all foods, as Potatoes; on the ground, that when that crop fails, there is nothing below it to which recourse may be had. I do not mean to say that habitual Waste is *in itself* good: but that, until better modes are devised, a needless abundance in common seasons, though it entail waste, is a far less evil than a diet and an allowance so closely calculated as to leave no power of retrenching in famine. There must needs be large waste even in granaries.

The Luxuries for which there is nothing, to be said, as far as I can see, are those which engage immense manual labour and destroy Capital with no result of intellectual progress or cultivation of beauty, no enjoyment to any one. Such is the handmanufacture of Lace, or the searching after Jewels.

§ 3. POOR LAWS.

In any case it is a painful thing to a feeling mind to enjoy the luxuries of elaborate art while those who produce them are notoriously in misery. I can

quite conceive of a prince breaking in pieces his choicest ornaments, in the spirit of the Hebrew David, who poured out on the sand the delicious water for which he had longed, because he would not drink what was earned by the risk of his warriors' lives. No wealthy orders can with a happy conscience, any more than with safety, neglect the cry of a halfstarved multitude, whatever the cause of the distress. If only to avert the danger of men's despair, some system of Poor Laws will enter into the scheme of every populous and wealthy nation, at least to palliate pauperism, if not to obviate it. It is quite in vain for a Malthusian to denounce Poor Laws on the grounds of Economy; for on grounds of Politics such laws will necessarily be kept up, until something better is found. In nearly all advanced communities there is also a claim of *justice* on the part of the poor, (entirely overlooked, I think, by Malthus,) rising out of the laws of Land.

I have already indicated how very artificial are the laws now existing among us. Vast tracts are kept vacant by the will of landlords or parishes or of the Crown officers, which poor men would gladly cultivate, and from which they would get an independent livelihood. How selfish a use can be made of this power, you may possibly judge for yourselves from the following Irish illustration:—

“It is well known that much waste land has been brought under culture for several years past. This has been effected, chiefly by *allowing* cottiers to take in a portion of the mountainside; and when

they had tilled it for a few years, and partially reclaimed it, calling on them *either to give it up to the landlord or to pay a rent*. In some cases, they probably retained it; but in others, they gave it up and commenced anew; not unfrequently ending near the top of the mountain, at the bottom of which they commenced many years before. Thus cultivation crept up the mountainsides, or encroached on the secluded valleys heretofore untilled. *This mode of reclamation required no capital on the part of the landlord*. The cottier or tenant was the sole agent. *He obtained a bare subsistence by severe labour, and rarely effected any improvement in his own condition*. It was practicable, on account of the facility with which the potato was cultivated; and it is very doubtful whether it be practicable with any other crop.*

The excellent writer from whom I quote does not venture to hint, nor does it seem to occur to him, that it is an essential iniquity for one man thus to appropriate the labour of another. Here is land kept waste, because no farmer will pay rent for it. It is wild and unreclaimed; but William III., or Cromwell, or some other conquering warrior in ancient times, gave it to a predecessor of the present lord of the manor, and through his legal power it is kept barren. But a poor cottier gladly accepts the toil of cultivating it free from rent; he turns it from a wilderness into a fertile field, without any

* Jonathan Pim: "Condition and Prospects of Ireland," p. 171. 1848.

aid from him whom the power of the sword and the dogma of law have pronounced to be its lord. No sooner is the barren land made fruitful, than the lord steps in, to reap where he did not sow. The labourer, if left to himself in the wilderness, would soon become rich : but this is not to be endured ; the landlord takes care that he shall rarely have more than "bare subsistence." And these are Irish peasants, so much calumniated for idleness.

A passage equally instructive is quoted by J. S. Mill from the treatise on Flemish husbandry, in the Farmer's Series of the Society for Diffusion of Useful Knowledge. It is too long here to quote ; and I refer to it chiefly as indicating that the low fare of Irishmen is *not* essential to enable cottiers to work such marvels. It is only necessary that the cottier shall not be *warned off* the barren land by the terrors of the law, and that he shall be allowed to reap his own harvest. — On a patch of loose white sand, like that of the sea, a little wild heath and broom is sown, which takes root and binds the sand together : in two or three years, the fibres of the roots and the droppings of the leaves improve the soil ; a sprinkling of clover, or even of potatoes is tried ; sometimes a little manure is brought ; a hut and cowshed is erected : the pig might soon be kept, I presume, but the Flemings seem to look chiefly to the cow. When potatoes and clover enough to feed a cow are obtained, the soil rapidly improves by the manure ; rye and wheat follow ; and, in the course of years, the worst land approximates to the best.

Now it is a fair subject for political decision what parts or proportion of a land shall be kept untilled. We want free air, as well as food. I do not mean to call it an axiom of nature that every destitute man has a right to till, possess, and become lord of any portion of wild land. Undoubtedly such things must be settled by law. But I do say, that if, for the good of society at large, land is kept waste, or is so given over to the power of individuals as to allow of *their* keeping it waste; an imperative duty rests on society to secure that the indigent shall not starve. Streetsweepers by the hundred would be glad to become freeholders of three or four acres of desolate common, if the relentless law did not forbid them: the same law, therefore, which drives them from the empty land, must feed them when, through undeserved misfortune, they are destitute. How much more, when much of the most fertile soil in the country is kept vacant, to afford elegant parks for the delight of lords and ladies.

We thus encounter two opposite truths, both of them undeniable, both of them stern and unchangeable, both of them working misery and ruin if despised. The one truth proclaims, that to feed by law hungry men in idleness and comfort is demoralizing to industry; the other, that to let those starve who could feed themselves from the land but for your artificial prohibitions, is unjust and cruel and must engender despair and ferocity. The difficult problem of Poor Laws has to steer its way between these rocks.

Not to be tedious, it may be best rather dictatorially to propound my own belief on this question—Poor Laws are not always the right cure for Pauperism. In widespread famine, as in pestilence and in war at the doors, it needs a high moral enthusiasm in a nation to save it from becoming depraved. Severe affliction may make the good better, but it generally makes the bad worse. Through such times, therefore, every nation scrambles as it best may; and wisdom has very little scope.—But if famine be an *habitual* danger, in a climate and soil not unfertile, and with a people not disposed to ravage the crops; it is manifest that there is some deep political injustice in the fundamental institutions, which will either ruin all orders or at length precipitate revolution. Such was the state of France in the 18th century; such has been that of Ireland in the 18th and first half of the 19th. Had not the might of England crushed the Irish poor, they would twice and three times have imitated the French: the oppressive claims to the soil would have been swept away, and the present generation of their peasants would be freeholders, rich and happy in comparison. If England, for her own reasons of policy, chooses to put down these agrarian revolts, she is bound in conscience, in honour, and in prudence, to extirpate their causes. In my belief, it was not a *Poor Law* that Ireland needed twelve years ago,—(nay, I fear that the Poor Law has impoverished the landlords without good to the peasants;) but it was, a *secure posses-*

sion of the soil. Probably no English statesmen could have carried such a measure: with that I have nothing to do: but this is what the Prussian Government did, and saved their country: this is what, I believe, we should have done, if we had been more enlightened. That a cottier-nation, to whom land is needful to life, should be liable to rent rising with their own exertions, and be ejected at the landlord's pleasure; should also be prohibited from the wastelands, or be forced to pay by their own improvements; is a state of law in my opinion so immoral, that I fear to utter the epithets which rise to my lips. Since the great famine, Ireland has suffered large alterations: large emigration has taken place, much change is still in progress from the sale of Encumbered Estates. These great calamities would never have occurred, if justice had been done to the peasants in 1829, as to the Roman Catholic gentry. Whether the recent revolution has so far assimilated Ireland to England, that the same laws of land may become just for both countries, I am not yet able to form an opinion.

Nevertheless, on both sides of the Channel, the rich need exceedingly to learn some truths obvious to common men,—our Judges also and our Parliaments need to enforce them: such as,—that God made the solid land for something else than to pay rent; and that the tenant who improves the soil, and not the landlord, has a right to every tittle of the increased value.

Poor Laws cannot be made to relieve more than

a small part of a nation. If a large fraction is habitually in misery, then, I have said, some change in the foundation of property is generally needed. But when we have only to provide for a few, Poor Laws must be regulated by the following political axioms:—1. to avoid Centralization; 2. *as far as possible*, to unite local knowledge and local sympathy with the pecuniary relief; 3. to prevent, rather than to relieve, distress; 4. to teach and train, and make labour valuable, so as not to break down the independence of those relieved; 5. to aid the relieved to become independent of relief. —Most justly do the Malthusians denounce public alms as demoralizing, when separated from all sympathy,—given harshly and reluctantly, and only because the law commanded it. The Poor Law in England, before the last great reform, was, I believe, ruinous to all the country districts: in the towns, however, as far as I can gather, it was better than the present law. But such is the misery and absurdity of a *centralized* system. It cannot adapt itself equally well to different communities, and what is an improvement to one part is injurious to another.

A most difficult matter embarrassing the administration of a Poor Law, is, what is called *The Law of Settlement*. I do not profess to understand all the practical sides of this question, and will only remark on the principles which must guide it. First, each district must be specially responsible for its own poor; else nothing but waste, apathy,

and hopeless confusion will result: hence *some* definition of "one's own" poor is essential. Secondly, there must be some mode of becoming naturalized in a new parish, when a person's labour has been *bonâ fide* transferred into it; and it is necessary to provide that this shall not be evaded by any arbitrary dismissal of servants or by refusing liberty to build dwelling houses. The proceeding of farmers and landlords is often alike scandalous in these matters: but what is the best cure, I dare not undertake to say. Again, what is to be done with those who have no settlement, and yet are in distress? The case is like that of Irishmen at Liverpool, or foreigners anywhere. I hardly think it is a first point to consider. If Poor Laws, in other respects good, were once in successful action, it would afterwards appear what amount of effort is needed for parishes to deal with poor that are not their own.

It will be a great calamity to England, if the present system of Poor Laws is allowed to go on, without perceiving that they are a temporary makeshift, and fundamentally defective. See how heaps of wretched beings cluster into our towns, into which all the misery of the country drains! Here they live in masses too great to be known by the richer classes. We are all too busy to look after them, and they are too numerous and too much alike for selection. On this subject I shall have more to say in my remaining lectures: I will here only add, that a *Home Colonization* appears to me

a matter of first importance. The masses of population crushed together in our great towns need to be largely poured out on the country. To effect this from London alone, would be an effort worthy of a whole life; and probably could not succeed but as part of a larger reform, based on principles fraught with manifold results.

LECTURE XII.

PUBLIC REMEDIES FOR OUR PAUPERISM.

“ Local Selfgovernment is the True SOCIALISM.”—*Tortwin Smith.*

§ 1. WHAT IS THE FUNCTION OF POLITICS ?

I HAVE several times protested against the notion, that mere Political Economy is to be regarded as a sufficient guide to a Statesman : nevertheless, there are many cases, in which the information given by this science is of such critical moment, as virtually to decide the Statesman's action. Nearly the same might be said of Mechanics. If a bill were brought into a chamber of deliberation at Milan, for cutting a canal from the Po, a body of Engineers who should authoritatively depose that the inevitable result would be to inundate the entire country and sweep away the inhabitants, would surely decide the fate of such a bill, if they were believed. The Engineer sometimes the Economist much oftener, supplies to the Statesman certain links of argument, showing what would be the results of certain measures. When those results are glaringly and indefensibly mischievous, we may say that the Statesman needs no other guide than the Engineer or the Economist to keep him from them.

Thus, if a Statesman is meditating to do a favour to "the landed interest" by excluding foreign food, in order to raise the price of native produce, the Economist indicates what will be the result; 1. probably to keep a large part of the nation half-fed, *if* the end of raising the price is really attained; 2. to depreciate all other produce than food, and thereby impoverish other classes; 3. to stimulate the production of food from unsuitable soils; 4. to raise rent, and impoverish the farmer in common with all other capitalists and all other consumers of produce; 5. to lessen the farmer's home-market for delicacies; 6. to destroy altogether his chance of selling in the foreign market; 7. to encourage bad farming; 8. to cripple the foreign trade of manufacturers.—Now, we admit, to be an Economist is not to be a Statesman. Still, if a certain common sense and feeling of equity is presupposed, the Economist who proves a measure to inflict a permanent wrong on all the community with no good to any but to landlords and titheowners, has some right to speak dogmatically against it, without affecting to be in any complete sense a Statesman or Politician.

Nevertheless, it is manifest that Finance is not the sole thing to be regulated in social life, and *the Moral Interests* that connect men are the matters of primary consideration in Politics. Many minds, of a commanding and somewhat despotic cast, long for a dictatorial science of Politics, such as Plato and Aristotle conceived; which shall reason in the

following tone.—“A nautical people is fickle and unattached to the soil; we, therefore, will not have many sailors. Artizans who are enslaved to one machine become stunted in mind: we must discourage this. Merchants who sit too much in a counting-house lose manly qualities and become devoted to gain: they must be kept in severe proportion to the agriculturists. To till the land is the healthiest, simplest, noblest occupation; we must, therefore, secure a large mass of small freehold proprietors, who are the real strength and ornament of every State.”

No small part of those who affect to act the Greek Philosopher in this matter, and love to cast contempt on *our* Political Economy, (which they call CHREMATISTICS, or the science of Gainful Occupation,) shrink from the last conclusion; because they dread agrarian laws and redivisions of the soil. They would wish our manufactures destroyed and the people poured forth on the country, if only the hateful necessity of giving them freehold land could be avoided;—if it were but possible to turn them into industrious quiet farm-labourers, earning their modest *seven* or *eight* shillings a week in wages, with the Poor-House for their resource in old age! But this could only be through a prodigious increase of farming capital, and is at present ridiculous to imagine. To declaim against the employment of so large a population in manufactures can mean nothing practical, except to redivide

the soil; a measure which it can hardly be doubt that Plato or Aristotle would have unhesitatingly urged.

All aspirations after a science which is *to direct the channels of employment* on moral grounds seem to me to indicate forgetfulness of the narrow limits of a ruler's power. We talk of the omnipotence of Parliament. What Parliament abhors gin-palaces? yet how many votes will be given to abolish them? All know that to prohibit spirits would lead to their secret sale. Until we can better succeed in suppressing immoral occupations and limiting more strictly those which are confessedly very undesirable, it appears absurd to deal with such problems as despotically-minded Greek theorists dreamed of.

It is unfortunate for the prospects of Europe that the theorists of Radical Reform have so largely played the game of Absolutism. It is hard to say whether Jeremy Bentham or the Emperor Joseph II., the French revolutionists or Louis XIV., were greater centralizers. Socrates and Plato held, in common with Bentham, that a nation ought to be governed by a set of *functionaries*, and that the rest had nothing to do but pay tribute and obey.—In our cultivated ranks, those who are not satisfied by the opium of Bentham, are too often misled by the champagne of Plato:—but, disguised as one will, selfishness and materialism is the result.

No despotic rulers can be so wise, that it could be desirable to have them dictate what employments shall be pursued ; and (farther than to forbid cruelty and immorality) no free nation will endure that their government should entertain such problems. Men's employments are determined, partly by the laws of land, partly by the physical geography of every country, in combination with the knowledge, capital, and available labour. The ruling power can scarcely interfere, except by fixing or modifying the laws of landed property ; nor can these be touched rudely, without the certainty of civil war. The higher science of Politics, which rises above Economy, is never really able to direct the channels of employment ; but its most important function is, *to impart moral character, sanction moral relations, and claim the performance of relative duties*, in all the existing and tolerated forms of social life. And in this consists the Organization of States.

§ 2. LOCAL PATRIOTISM.

Between Moral beings all the intercourse of life ought, if possible, to tend towards moral union, by which the lowest dealings are elevated. But the possibility chiefly depends on the continuance of the intercourse. He who buys once at a shop or in a fair, enters into no permanent moral relation with the seller, nor conceives any particular interest in his welfare : but if we, every day of our lives, see the same streetsweeper at the same crossing, the

repeated, sight gives him some kind of lodgment in our good will and good wishes. It is a specific duty of the Ruler to promote moral unions, and with a view to them, to sanction permanent relations in various ways. Of these, that with which all civilization begins, is Marriage. To be without this, is to be lower than the lowest savages now known: yet, marvellous to say, this (with the kinship rising out of it) is fast becoming the only permanent relation in cultivated England,—so grievously *disorganized* are we; so deplorably has the temporal power forgot its moral mission.

We all know that the sanctity of marriage depends upon its permanence; and the same is true of all other relations. But nearly all of these are apt to be dissolved by change of place; hence a fitting population loses internal coherence. The masses which meet externally in large towns have lost all organization. They work at certain trades, or for certain masters, and sell to certain shops or in the open market and street; but they have no fixed moral unions with any part of the community, except the narrowest ties of family life. Nearly the same is true of all ranks in London: hence a selfishness which barely extends beyond the family circle is a prevalent type of character; and this is a precursor of dissolution in society, which is relapsing into a disorganization similar to that of primitive barbarism.

In Politics the difficulty often is not to find the true remedy, but to induce the patient to swallow

it. Here it seems clear enough what is the primary cause of the nation becoming as a heap of sand, viz., *the loss of local patriotism*, which has followed on the decay of local liberties by the development of centralization. Every town in England, and every county, ought to have the feelings of a little State; as in fact it once had. Our own history for many centuries shows that this is quite consistent with the existence of a central power,—a Crown and Parliament,—*for all purposes truly national*; and if the action of the central power were strictly limited to such things, the provinces would, now more than ever, have abundant room for high ambition. Of all this we still have in the modern world a splendid example on the other side of the Atlantic; and that is a sufficient defence against the reproach of vainly longing after “*antiquated* institutions,” when we point to the energetic local authorities of past centuries.

Hungary also is a magnificent instance of the patriotism, energy, and national well-being which a sound system of local self-government keeps up under every possible disadvantage,—isolation from the rest of Europe, mixture of heterogeneous races, and the perpetual plotting of a perjured and often atrocious Court against the welfare and freedom of the land.

Our disease rises out of the fact, that Parliament, instead of being supported and aided by the provincial legislatures, has practically swallowed them up;—has so drained their powers, that the wealthy,

cultivated, and ambitious disdain a seat in them, and the lower people despise the provincial franchise. The introducing of *private bills* in Parliament is an invasion which has destroyed the dignity and independence of all the provinces.

To illustrate this, consider what would be the process of a bill for making a railroad, if the provinces had their due powers. A short petition might first be laid before the Lords or Commons, *pro formâ*, asking leave to make a railroad from London to Birmingham. If no objection were urged to *the principle*, the proposal would be laid before every county and town legislation concerned in the rail, with this preliminary approval to back it: and the details of the road would be settled by the separate legislatures. After all was completed by them, the entire scheme would be laid before Parliament; and receive the final confirmation. Thus the function of Parliament in the matter would be one of broad and grand supervision, of a truly imperial kind; and its acts might be short and clear. The time of the supreme legislature would not then be frittered away in details, but would be devoted to great principles and to receiving appeals, or to a mature consideration of foreign affairs. On the other hand the power of the local legislatures would be so large, as to fill the ambition of able and accomplished men.

A Greek or Roman statesman would look with horror and despair at our unorganized masses of men; and to him it would seem as an axiom, that

they ought to be made either *slaves* or *citizens*. With us they have the freedom of a citizen without his attachments, the ignorance of a slave without his constraints. Since no sane man will propose that they should be forced down into the immoral state of slaves, it is manifest that they need to be raised to the moral duties of citizens.

It is not my fault that this lecture is so political; the subject forces it on me. But I beg you to understand, that *to become a citizen* is a very different thing from voting once in seven years for a member of Parliament, or once in four years for the President of a Republic. Universal suffrage has left France as disorganized as ever; *more* disorganized by far than England, because centralization is there far more complete. But "to be a citizen" ought to be a thing felt in every-day life, as much in Birmingham or London, as once in Rhodes or Athens. And this might be done without revolution, without commotion, without introducing novel or untried principles, without lowering any prerogative or dignity of the Crown, without lessening the honour of Parliament, by merely reverting to the old law of the land. If the inherent powers of the town of Birmingham were not overruled by "private bills" at Westminster,—if those statutes were merely rescinded which have encroached on its legitimate sphere of action, it would have full power over its own finance, its own police, its own militia, under such restrictions only as the *general safety* demanded. A local patriotism is

ready to rise, as in old days ; and the example of the United States assures us that this is quite consistent with a warm attachment to the general union of the whole nation, and with loyalty towards its central object. In such a state of things, Birmingham would have its own University, as so many inferior towns of Germany have. Its magistrates and local ministry would have a far more arduous and honourable task than now is possible. Its schools of Professional men, and Courts of Law, need not be, as now, eclipsed by the metropolis. The people would be knit together in daily relations as citizens, and would be expected to hear, discuss, and judge, *in regular monthly sittings*. The provision for the Poor, the establishment of Industrial Schools, (on which no expense should be grudged,) the administration of Charities, and of all the Public Endowments, now so often antiquated and useless,—and numerous kindred matters,—would come before all the citizens for their consideration or for their active service.

All our most valuable Laws grew up out of Custom, and were finally ratified by implication in Statutes and legal Decisions. So long as a nation is unaltered in its social state, it may go on with its laws unchanged : but when numbers rapidly increase, and a vast variety of new trades arise, great changes or additions to its laws are needed. But if law be centralized, it always lingers far behind men's wants. Our Factory laws, for instance, supposing them to be good, came 50 years too late,

because they could not be made in each town as fast as they were wanted. Custom also is artificially hindered from growing into Law; so that the civilized State appears to be less sagacious than Barbarism, and moralizes in wonder at the wisdom of its ancestors. Moreover, the central Legislature, having undertaken the hopeless task of enacting details suitable for all parts of a varied country and vast population, so overlays its laws, that to know or understand them is simply impossible for the community and but partially possible to professional students of law.

The same centralization hinders special parts of the country from making free experiments for the benefit of the poor. Indeed, under our old Poor Law, twenty years ago, things were no better: for though there was less of central authority, there was an equal decay of local patriotism. A grave argument against making game saleable, used to be, that it would lead to the total nonresidence of country squires if the game were destroyed; since, it was urged, the pleasure of shooting for a few months alone drew them to their estates. This, no doubt, was an absurd exaggeration; yet one which could not have occurred in a healthy state of society. The squires being few or inefficient, the administration of the Poor Law fell to the farmers; and they generally abused it, to pay wages out of the rates. The difficulty here rose from want of variety in the social elements. Squires, Farmers, and Labourers for wages are three heterogeneous

orders, insufficient to form a *State*; and if the Squires are absentees half the year, the Farmers are too powerful. But if small freeholds were more frequent,—if for every farmer of 300 acres there were three freeholders of 50 acres each,—all the little villages would be more prosperous; every smith, carpenter, wheelwright, ironmonger and miscellaneous chandler would feel the difference; and the county would afford far more varied elements than now, for conducting their common affairs.

The land on which a town is built ought never to be held in masses by a small number of persons. In theory it ought (in general) to be all the property of the town-community; and when sold to an individual for the purpose of building, the town should always reserve to itself the power of resumption at any time on repaying the original price, and remunerating the house-owner for his house. In this way no individual would enrich himself at the public expense by the increasing demand for land; and whenever it was desirable for health or convenience to throw open any part of the town, it would be done without artificial cost.

Every town should have its own domain for public purposes, both of recreation and of training to the arts of war and peace. Moreover, it should have a right (within certain limits) of purchasing country-land of individuals at prices settled by a jury, to colonize its poor upon. Such colonies should never be formed in large masses; for it is an unwholesome condition of society to have many

of one occupation or of one rank thrown by themselves: there is no doubt a large field here open for judicious arrangement in detail. But it seems unquestionable, that with London (for instance) a first object of public policy should be to *plant out* into the country tens of thousands who people its swamps and dense alleys. To send our people to the Antipodes at vast expense, is a device to save statesmen the effort of reorganizing our decayed polity. But the poor never can be sent fast enough, and our difficulties will only increase, until we raise up in strength the local institutions which ought to use forethought against them.

The right of petitioning Parliament was once much valued: it has become nearly useless, because Parliament is too busy to attend to any ordinary grievance. But in no case could that privilege be half so valuable to the poor, as the right of petitioning *their own local legislature*. Many of their petitions might be absurd. They would probably ask for a compulsory rate of wages, and other exclusive laws. But all such occasions would lead to discussion, and they would learn sound principles by it. At the same time their real grievances would come to light, however entangled with their erroneous theories concerning the proper remedy: and the whole mass of the people would speedily learn a new patriotism on finding their relation to the State to be a reality.

§ 3. MORE LEISURE AND HIGHER CULTURE.

Of all grievances to which our countrymen are subject,—not the poor only, but a very large part of the rich also,—the most widespread and serious is *excessive occupation in the routine of work*. This it is which keeps men in barbarous uncultivation. The North American savage is in some respects a civilized man in comparison to thousands of our people. He has no newspaper on Saturday afternoon, and no sermon on Sunday, it is true: but he habitually sits in council and hears his elders discuss; and although his range of knowledge is very limited, he has a clearness and decision of judgment, and a dignity of deportment, which shows to great advantage. With us, it is not merely the collier and the omnibus-driver, the household servant and the applewoman; but the shopapprentice and the clerk, nay, the mastertradesman and manufacturer,—are often so absorbed in the everlasting work of the trade, that no energy is left for serious application to anything else, public or private; and mental cultivation is despaired of.

Yet, after all, this cultivation is now the real distinction of the aristocracy from the plebeians. One whose English is not pure in grammar and in pronunciation is at once put aside as “not a gentleman”; and every man’s permanent grade in life mainly depends on the length and perseverance of his mental training. A large part of our middle classes

send their boys early to school, but take them away at 14 or 16. The routine of trade then commences, and continues incessantly until the decline of life : so that only a small fraction ever receives a full manly culture, and much less any high development of taste. A miserable consequence is, the existence of heterogeneous nations in one community. Oil and water will no more mix, than the patrician and the plebeian temperament. Reserve and contempt on the one side, envy and grudge on the other, are mild forms which the feud between the orders assumes. Much good may be done by the improvement of schools, if people would leave their sons longer at them ; but I believe this to be of secondary importance to the education gained in life itself, at an age when a manly mind and manly energy are brought to topics of real interest*. The Americans of the United States can rise from the lowest condition to the head of the republic ; so little necessary in the nature of things is our slavlike degradation of the poor. But without *more leisure*, free institutions remain mere shadows or screens, and a magnificent national literature will not save the mass of the people from barbarism.

To what then does this tend ? Ought we to have

* In old days, every Statute of Parliament was read aloud to the people assembled in the monthly Shire-mote, that all the laws might be known to those who had to obey them. What a school of life was that ! ten times over, worth all the much-paraded schools of modern days. Of course, the Acts of Parliament were then short and intelligible, and dealt in principles. They were written for common men, not for lawyers.

Acts of Parliament to forbid the excessive labour of adults? Far be it from me to say so. Possibly indeed all England has come to feel, that her people works too long. Our ancestors, I believe, had some fifty holidays in the year, beside the Sundays; and did not work in general so hard as our poor now work; yet their labour was far less efficient than ours. Unless therefore land and pure water or pure air are so dear as to impoverish the labourer, he ought to be able to command as much leisure as his ancestors did; and a fashion would soon rise for culture of mind and body, if it were carried on sociably. But to limit the labour of *adults* by law, is to treat them as children, and tends to keep them as children; and when it is not done and cannot be done in other business, the private rights of the millowner are harshly and hurtfully violated, in forbidding his machinery to run as long as he can get adults to work it, whether by relays or otherwise. Laws to protect *infancy* from excessive work (in villages, as well as towns) are much to be desired; but all legislation concerning trades in detail is inconsistent with the nature of Parliament, and only tends to confusion. On the other hand, there would be every propriety in a general enactment, that one day every month (the first Monday in every month has been suggested) should be kept as a public holiday for the sake of the political assemblies. At present, such days are times of mere relaxation; because men have no serious business. But, if we had Athenian institutions, we should

soon verify what Pericles said of the Athenians, that they "counted a feastday as nothing but a time for transacting duty."

§ 4. LOCAL DEVELOPMENTS.

To recognize little States in our towns and counties would be but the first step of organization: I believe it would be an easy one. Such questions, however, must be left to professed lawyers to discuss. But all healthy organization has, and needs, a power of internal growth. The larger cities are already resolved into townships and into wards; the counties into hundreds: but with numbers so great as ours, and many trades so peculiar, numerous exceptive arrangements would arise.

Moreover, if each town had full power to tax itself for public purposes, a thousand civilizing ameliorations would be introduced. Instead of allowing *water* to be dealt out pure by private companies to the rich who can afford it, and leaving the poor to drink what is polluted and foul, the town would itself provide at public expense pure water for all. Indeed, if local institutions had been kept up in energy, the unhealthy buildings which now exist could never have arisen: there is at present an Augean stable to cleanse. Again, look at the sellers in the streets, look at the cabdrivers and their horses, on a rainy day: what can be more barbarous than their exposure? The recent excessive mortality of London testifies to the fatal consequences of much wet

weather. Nothing surely is more obvious, than that in a city where 30 or 40 thousand persons live all day under the sky, having no power to shelter themselves, there ought to be numerous covered piazzas, market-places, and sheds for cabriolets. By such means to save the poor from rheumatism and inflammations, would be cheaper than to raise their wages—if that were possible; and would confer far more direct benefit on them than the removing of taxes.

Moreover, the stated meeting of a moderate number of people in a *Ward-Mote* would make their faces familiar to one another, and give to the richer orders a distinct acquaintance with a definite portion of the vast community. This is with us the more urgently important, because (unhappily) religion has ceased to be a bond to our nation. In fact, a congregation that meets in a metropolitan church, finds little in it to develop mutual acquaintance. Far different would be the result of meeting for discussion of practical business in a *Ward-Mote*. Out of this would rise numerous other relations. In ancient Greece or Italy, to be fellow-tribesmen or fellow-clansmen, was a bond of union, besides the closer tie of clientship. The last is the bond, I apprehend, in which our domestic servants ought to be joined to us.

§ 5. MORAL UNIONS.

In the Hebrew law, if a servant loved his master and his family, and desired to serve for ever, the

master performed a symbolic act by which the servant became nailed to the house as a permanent part of it: and the same result would everywhere be a wholesome consummation. Our difficulty is, that Custom needs to grow up, as a guide to Law, before enactments can be wise and profitable; while in fact Custom has long been moving in the opposite direction, making the union of master and servant, as of buyer and seller, more and more transient. In ancient times Religion did for a nation what Law could not do; and so it might be with us, if we would wink at some of our differences, and if the ministers of religion were not bound in iron fetters. Else, if I had a servant whom I esteemed and who trusted me, why might I not come forward with him *before the Church*, and exchange solemn pledges with him; I, declaring that I take him as my client, and promise to him a kindly protection and care for his welfare; and he, avowing that he takes me as his Patron, and promises to me honour and respect? After such a mutual public recognition, a neglect of duty on either side would incur moral censure. Precedent would grow up, indicating and limiting the rights of the parties; and it would ultimately appear, whether the sanction of legislation was also desirable. By the institution of clientship, every family rich enough to have servants, would be brought into nearer contact with a number of poorer families. For when a client married, or on other grounds left the patron's house, the bond would not be broken: and that result would in part be brought

about, which is so very desirable in large towns—a definite relation between certain richer and certain poorer men.

At present, so negligent is our code of these highly important moral unions, that it has not even a law of Adoption. A childless lady may bring up poor children, yet she can never claim the rights of a parent towards one of them. In a community where orphans exist by the thousand, and unmarried and childless persons also by the thousand, it ought to be a first effort of the ruler to promote adoption. A parent has to make so many sacrifices, with results so uncertain, that it needs a rare effort of philanthropy to rear other people's children; and it is probably beyond human nature to love with love at all approaching to that of a parent, unless the child be solemnly given over to be one's own. Among many ancient nations, to be childless was a dishonour. The analogous sentiment which ought now to be active, is, that it becomes those who have no children of their own, and are not obviously incapacitated by their occupation or their poverty, to adopt and educate children. But, it seems, the State has abdicated its functions in these matters, and the Church is tied and bound—in one place by the State, in another by its own precedents. We seem almost to need to go to Paganism* and Mohammed-

* The Germans and French have introduced Adoption from the Roman law, but have fettered it in so many ways as to make it of little use. The great fear of the legislator seems to be, lest a man should be *too anxious* to adopt children, and hereby too easily satis-

ism ;—to old Rome and Greece,—to modern India, —to Turkey ;—in order to find that excellent institution of adoptive children sanctioned by law and religion.

A fearful and horrible stain on Christendom, a scourge and disgrace unknown to semi-barbarous Turkey, can only be glanced at in this company ;—the existence of hordes of destitute females, cut off from family and home, from respect and from love, miserable, and propagators of misery. Our existing institutions show themselves utterly powerless to touch this dreadful evil. Never will it be stopped, if distressed families are to migrate into populous towns, and there be lost to sight. Closer bonds between the rich and the poor, definite relation of families to families, and a prompt municipal system of Poor Laws, must all combine to dry up the sources of the bitter fountain which it is beyond human power to transmute into sweet water.

When children are left orphans and destitute, the first inquiry of the magistrate should be,—who are their nearest of kin ? If these can be found, they should be invited to adopt the children as their own by the legal ceremony. The scale of relationship which at present determines their legal guardian, would suffice to show who have the first claims over them. If kinsfolk cannot be found, or refuse to adopt, then, after a certain delay, the magistrate ought to proclaim the want of adoptive parents, and

find without raising a family of his own ; or, lest he should be anxious to get a slave, under pretence of a child.

to invite applications. The ministers of religion should add their influence to urge the pious duty. In adopting children who are not orphans, of course the public consent of the parents is necessary: but such adoption also ought to be greatly encouraged by the law; for they are a mode by which richer support weaker families, and they add one more cement to society. Especially, when the adopted child comes from a rather lower rank, the union tends to break down our sharp divisions, and blend the orders together. As for orphans, when they are very young, it would probably be easy to find persons willing to adopt; when they are older, it can seldom be effected till after some years' familiarity. At any rate, the thing to be aimed at is,—to find new parents for those who have lost their natural protectors. Instead of which, we now think we do great things by bringing up orphans in an orphan-house;—a peculiarly dangerous practice: for the children are cast loose upon the world without a parent or a home, exactly at the critical and most dangerous age, without experience of life, and without being accustomed to its roughness. An orphan girl at the age of 17 goes into household service or into a factory: she quarrels with her employers or with fellow-servants, and loses her place. What then is to become of her? The orphan house cannot take her back, and she has not even the familiarity of kind neighbours to shelter her. I speak not from theory, but with painful facts before me, in strongly expressing my sense of the mischief of this.

To bring up children in asylums and institutions, is to deprive them of all chance of winning family relations: but alas! those who subscribe their annual guineas are gratified to see the orphans in regiment, all cleaned and drilled, one like another; and it is fondly believed that in these asylums they have great religious privileges, which more than make up for the loss of the family life.

In Ireland, where the household servants marry, it is usual to put the children under the care of nurses, to whom a little stipend is paid. The nurse soon loves the child so much, that dishonest parents speculate on her love, and after a time stop all payment. This is sadly common, yet the nurse is never known to cast out the child. It shows how easy it would be to procure new mothers for orphans, by paying a stipend for some years. Love presently grows up out of familiarity. But in a well-ordered State, such a thing ought not to be endured, as young females growing up in *no* family relation. Both for their own sake, and for the public welfare, they should be sedulously planted into families.

The children of criminals are another class of extreme importance. The father of a family is tempted by hard times to poach; he gets into a feud in which a gamekeeper is killed, and he is transported with his accomplices. His wife and children are neither criminal nor vicious,—they are simply unfortunate. To the wife the husband is worse than dead. She cannot go with him,—if for no other reason, yet because her children retain her

at home. She is bound to love him and no other, yet the belief steals over her that she is quite forgotten by him, and that if ever he returns, he will not care for her. To keep her and her children from despair and recklessness is no slight matter ; and under such circumstances the evil done by transportation is incalculable. Perhaps ere long, that punishment will be annihilated on other grounds. If every local community had to deal with its own criminals at home, (subject only to *general principles* ruled by Parliament,) we should exert ourselves far more eagerly to root up the causes of crime.

Perhaps, after all, we must mainly refer our practical evils to the *demoralization* of the State which the Restoration of the Stuarts caused. Then began the social corruption, proceeding from the Court of Charles II., which made earnestness in religion to be disloyalty. Then began the estrangement of the commonalty from the Church of the aristocracy : then too the Church and Universities assumed a false position from which they have never recovered. Out of religious persecutions next rose the well-meant, but false, political axiom of honest Reformers and lovers of Freedom, that the State has no other function but *to defend Person and Property*. At least, by this phrase the moral character of the State was obscured, and the duty of preventing rather than punishing wrong was overlooked. It is a striking illustration how demoralizing was this theory, that the Marriage Ceremony, honestly devised in modern times to relieve Dissenters, is so

deficient in every element of solemnity as rather to degrade than elevate the union which the State undoubtedly desired to make sacred.

After the disastrous neglects of two centuries, no one will now be able to re-unite State and Church : but all who desire to save us from the swamp of materialism and selfishness, from pampered wealth and envious reckless pauperism, from desperate rabbles to be kept down only by armed force,—should join (whatever their religious creed) in avowing and maintaining the *moral* duties, *moral* rights, and in so far, the real *sanctity* of the political union, and of the Sovereign as its Head. It is the duty of the State, not only to fine and tax, to flog and kill ; but also, and much rather, to shelter the houseless, to strengthen the weak, to teach the ignorant, to reconcile the quarrelling ; to unite its citizens in firm bonds ; to secure that the society shall be cemented by mutual duty, and shall perform the offices of mutual kindness. This is the true SOCIALISM.

So much have I ventured to say, on the political side of our social state. I believe that the argument would be strengthened, if the Colonies and Ireland were taken in. If indeed our Colonies, as well as all our Counties, had had effective local legislatures and local administration, London would never have become the overgrown enormity which it now is. It cannot now be destroyed ; but to hinder its constant increase, would seem a legitimate object of State-policy. To limit by law the number

of chimneys allowable on a given surface, is an obvious precaution for pure air; and the larger a town is, the less density of population on any part should be permitted. What avail railroads, if the result of them is to make London more populous? The great thing to be desired is, to make our provinces more attractive places of residence than London, by giving high political duties in them to the surrounding gentry.

And this leads me finally to propose the query, whether the decay of English organization has not in part been occasioned by the strong separation of *boroughs* and *counties*. From early times the petty nobility of the country have despised the towns: in the counties you have now too strong a patrician element, in the towns you have a deficiency of it; and the professional men, bankers and chief merchants in the towns lose local patriotism, while trying to associate themselves with the county gentry.

Herein it is an inestimable advantage to us, that the United States have preserved, developed, and improved, the noble institutions which we have allowed to go into decay; and their experience ought to be as a pole star to us. The distinction of town and country is a schism which they have escaped: ought not *our* wealthy landlords also to have Duty and Honour within the towns, and stand in definite political relations towards the townspeople? At present we are suffering a paralysis of political action from the armed neutrality between Town and County; and meanwhile, *anarchy* con-

sumes us. Do not misunderstand this word: it means, "absence of government."

Even if there be no violence, and no ill-will, a crowd of fifty thousand persons who live together on a small area without feeling the relation of citizens, or any moral union by which one directs, protects, aids, or obeys another,—are but little more organized than gregarious animals; and the consequence to be expected is, destitution, vice, misery, and crime.

LECTURE XIII.

The Economical Remedies for Pauperism.

§ 1. RETAIL BUYING AND SELLING.

THE last lecture went beyond the proper limits of Economy into the region of Politics. I now return to questions that more immediately concern the organization of labour, especially with an eye to prevent those evils which seem to be characteristic of our age.

There was a propriety in first dwelling on the Political topic; for it is in every way the more influential. Public arrangements have wonderful power in setting the fashion even for private life; and while they are bad or defective, it is almost beyond hope that any combination of private effort can be effected, adequate to supply the need. Especially when large and destitute masses of the community have fallen away from all definite relations to other classes that are able to help them, no remedy seems to remain but in the activity of the local public. For Industrial and Practical Education, in its liberal sense, we must necessarily look to the organized community, if it is to be imparted to those who most urgently need it; and it must be clear, how exceedingly this would affect all industrial relations.

But let us suppose that our anarchy were terminated,—that a vigorous administration pervaded every locality, and called out the exertions of all our citizens;—that the workers in the lowest rank were well trained, and no part of the community unorganized. It will still remain to ask whether any improvements of a more purely economical kind will be wanted, to fill up what is necessarily wanting in a public system.

It leads the way to a reply, if we consider a particular case. Every stranger in London is apt to be made disagreeably aware of the extortionate tendencies of cabriolet-drivers; nor is it difficult to discern what emboldens them. They do not expect to have to drive the same stranger a second time: out of so many drivers, they do not fear to be again recognized. It may be unpleasant to a gentleman to pay two shillings more than he ought; but still more unpleasant to attend at a police office, in order to gain redress. The reputation of the driver for honesty is made valueless by these circumstances; present gain is therefore chiefly thought of by a majority.—All must see that it is unwise to expose men's honesty to this sort of trial; and we may gather out of this case two maxims: first, that it is a good point in industrial regulations, when an unblemished reputation brings with it a natural pecuniary reward: secondly, that the more our dealings are confined to a small number of persons, the more every dealer expects his gains to be affected by his good or bad fame.

To limit men's dealings by law, is a clumsy attempt to effect a right object; clumsy, because it sacrifices the end for the means. The result of it equally is, that the dealer finds his custom unaffected by his reputation. Do not then suppose, that anything is gained by putting constraint on the course of prudential buying and selling. Our highest aim here may be judged low by a moralist, yet it is such as no statesman can afford to despise,—that of making all feel that “Honesty is the best policy”; and with a view to this, “to deal, as far as we are able, with persons whose honorable character we know.”

In contrast to this, a very large part of the shop trade in our great towns consists of sales to unknown customers, whose faces are never likely to be seen again. When this is considered, so far from wondering if there is some trickery and management in the sellers, we may rather wonder at the general honesty. Some wellmeaning persons indeed look with peculiar complacency on this trade, because it conduces to a virtue rare in shopkeepers,—political independence. The intimidation practised on them in many cases is no doubt scandalous and pernicious; but moral influence must not be confounded with intimidation. The same state of public opinion which would dictate to us, as far as might be, to deal habitually with the same parties, would also prohibit and stigmatize any attempt to damage them in trade, because of their political or religious opposition to us.

In a city which counts its strangers by tens of thousands, there must of necessity be an immense trade destitute of permanent relations. The moral tone of this will more or less depend on that of the community. The general tendency of such a state of things is bad; and although that tendency may be overcome by excellent national institutions and a prevalent good spirit, it is unwise to trust too much to this counteraction. Although strangers must needs buy of those who are unknown, it seems to be far better that the residents of every place should be less indiscriminate. Not that this implies a yielding ourselves up to the prices and goods of one tradesman. I remember a school-master,—head of a very large establishment,—who always dealt with two butchers, but with two only: in this way each had surely a greater inducement to serve him well, than if he had been served from a vast market where he never bought twice from the same person.

I presume that those who cling closely to special tradesmen are not so likely to get the very best articles for their money, as those who are always alert and trust their own inspection more than the good faith or judgment of the seller: but where the article is bought for consumption and does not enter into any fabric destined for new sale, some inferiority in it is a very slight evil, not to be counted in comparison to a moral advantage.

§ 2. BANKRUPTCY OF SHOPKEEPERS.

I have already hinted how the legal destruction of *shop-credits* might aid towards closer relations between buyer and seller. I now venture to add, that out of this might arise a more healthy kind of credit than that which is now given by the wholesale to the retail trade. At present, every shop is stocked either at the expense of the shopkeeper or by goods advanced to him from the manufacturer: yet the sale is quite a lottery. There is every probability, that, even without fault on the part of the retail trader, a certain fraction of the whole number of shops will get insufficient custom. Then, either the shopkeeper suffers a painful loss of capital, or, if the stock have been advanced to him, he becomes bankrupt. I have read somewhere, that the annual bankruptcies in Great Britain are rated at 50 millions sterling. How to verify this, I know not; but undoubtedly they are of fearful amount. They seem to be inevitable, while our system offers such facilities to traders of reckless and gambling temper, and while the prudent and honest have so little clue to the caprice of purchasers.

Now if shopcredits were extinguished, by refusing to acknowledge them in courts of justice,—if public opinion inclined to more fixedness of dealing,—if those who had ready money would advance to their tradesmen moderate sums on account, which of course would imply lower prices to them,

—a tradesman of good reputation would virtually trade with his customers' money, and would proportionably be safe, since he would know on what customers he could count. The wholesale dealer would receive from him ready cash, and be in no danger from his bankruptcy. Neither would the customer be in danger; for he could always get back his money in goods, unless his advances had been excessive. Moreover, the wholesale dealer would presently be less willing to part with goods to be sold in retail, except for ready cash; and a useful discouragement would be given to a species of Credit, which, though extremely mischievous, could not at once be legally disowned, without still more dangerous results.

The commercial part of our nation is quite alive to the expense entailed by all *risk*. Insurance enters all prices as one element, and all are aware that a chief advantage of cashprices is in avoiding the risk of bad debts. To prepayment we have become accustomed, both in the postage of letters and in travelling by rail; in all Colleges* and Proprietary Schools it is insisted on; and if only some public event were to give an impetus, I see nothing to hinder a great extension of the same principle. Possibly there may be some one trade in which it might be begun with advantage. Most persons who buy books deal principally with one bookseller; I

* The old Universities take it in the form of Caution Money, which is deposited with the Bursar of the College.

imagine also that most who drink wine deal with one wine merchant. If some bookseller or some wine merchant, under peculiar circumstances, could publicly invite and induce his ordinary customers to advance on account three quarters of what they habitually spend on his goods,—offering a discount which was felt to be liberal,—the success of one such attempt might go far to improve the whole trade; and what succeeds in one trade is gradually imitated in others.

§ 3. RELATIONS OF MASTERS AND WORKMEN.

For national prosperity it does not suffice that there be abundance: this abundance must also be well distributed. Families must not only not be exposed to want; they must be raised above the daily *fear* of want: else they become habitually reckless; in fact, this recklessness is then a virtue. The great evil against which Society ought here to make war, is, *the hand-and-mouth system*, which makes man as thoughtless concerning the future as a beast, and in fact prepares the mass of men to ravin like beasts when they miss their food. The security for their sustenance which we desire may be twofold; first, from every one having a store in reserve; or secondly, from all being so knit together with others, that the destitute are aware on whom they have a natural claim. The former, we suppose, is the better; but it seems, it is a farther stage which can only be attained by means of the

latter. If once the poorer form *lasting unions* with the richer, they may hope to be raised above want themselves.

Philanthropy is fashionable at present: so much the better. It is one mark of increased national sensibility. But the cheapest kind of philanthropy is that which vents itself in invective against hard-hearted employers of labour, as though it were *their* fault that labourers are indigent or reckless. Many wealthy manufacturers are themselves sprung from the ranks of workmen: from such masters it would be highly unreasonable to expect enlarged social views; the fact of their own rise generally satisfies them, that the order which they have left is not so depressed by *economic* causes as those who hear of it from a distance imagine. I must indeed avow it as my own strong impression, that the deepest deficiency in the operatives of our great towns is a *moral* one, consisting in an extravagant susceptibility to the opinion of their own order, or an unreasonable suspicion of even the best masters.

I lately heard the case of a letter-printer, now deceased, who used to employ in his trade the savings of his workmen with mutual advantage. At one time, he had thus in his hands as much as a thousand pounds, the property of one of the workmen.—A master manufacturer at Manchester assured me, that he would gladly employ in his business any sums which his men would entrust him with; but that it was out of the question, although personally he was on excellent terms with

them. To invest money in their master's business would be binding themselves to his interests and separating themselves proportionably from that of their own order. Such a step might even expose them to resentment, and at any rate their pride and feeling was too alive. They had an indefinable suspicion that the master would be able to take advantage of it. Many of them perhaps did not like the master to know how rich they were. If they could set up a business among themselves with their own capital, this would flatter their pride; but to combine with the master was so unpalatable a thought, that they preferred to receive at the Savings' Bank a smaller percentage than he would give them, or else to contribute their money (in large measure to be wasted) at Benefit Clubs, and finally to consume it in immediate enjoyment.

All the information which I have been able to gather, converges to the same conclusion; that the operatives have a decided repugnance to the only thing which has a reasonable chance of doing them good collectively,—viz., a closer union between themselves and their master. If this be the case they must wait and suffer, until their mind is changed, or until a new generation rises, with a better mind, or until they can make a republican system, whose director is only their hired agent compete in energy and judgment with one which is conducted by a capitalist who has so much more to gain or lose.

Prudent masters do, for their own sake, endeavor

vour to keep their men together, and anxiously *make* work for them even in slack times that they may not lose their good hands. In so far, without any definite contract, they act on the principle of keeping up a permanent union, and fully understand its advantage. So too in every branch of business established houses pay respect to their old servants ; in fact, some have counted these as one of the burdens which put the old firms at disadvantage in comparison with those that are rising. Yet I cannot think that it is the same thing to inferiors, whether they are united to their superiors by a positive right, such as the moral sense of the community will interpret and enforce, or only during the pleasure of the superior. In the familiar case of marriage we see how monstrous is the fallacy of underrating the importance of legal rights merely because moral feeling supplies the deficiency. We all understand, that it is not enough for a woman *not* to be deserted and neglected by her husband ; for her honorable and just position it is essential that he should not be *able* with impunity so to act. Unless she is secured not only from abandonment, but from the fear of it, she is exposed to suspicions and alarms, and is driven in self-defence to study her separate interests. Of course no other union can compete with this in closeness ; but the principles which it so clearly brings out are true in every part of human nature. Kind masters of slaves are apt to flatter themselves that slavery loses its degrading power because *they* are kind ; not seeing

that if subjection to the will of a fellowman is to be liberal and honourable, his reciprocal duties to his inferiors must be as loudly proclaimed and as stringently enforced as theirs to him. We do not want kind slaveowners, nor kind despots, but loyalty and freedom: so too, we cannot be satisfied with arrangements which keep inferiors unduly in the power of a superior, and render the exercise of a harsh and arbitrary caprice possible. Whether the relation be that of master and servant, or of principal and foreman, or of banker and clerk, whenever their reciprocal services and trial are such that each feels in conscience that he ought not to abandon the other except in consequence of some moral change, there is an evident propriety in some public mode of mutual recognition which would make the indulgence of caprice disreputable.

§ 4. LAW OF COMMANDITE.

Just now, many persons are anxious to see the law of Commandite (as the French call it) introduced into England. Mr. Carey and Mr. J. S. Mill have done valuable service in directing public attention to this, and we may perhaps hope ere long to see it adopted. It consists in recognizing "limited responsibility in sleeping partners." At present, if any one becomes a sleeping partner in a mercantile house, he is liable to make good with his whole property the debts of the firm, as happened to Sir Walter Scott when the Ballantynes failed.

And our law regards every one as a partner, who agrees to be remunerated in proportion to the success of the concern. Thus if I lend a tradesman £100, and agree to receive £5 a year as interest, I am not a partner; nay, if he fails, I come in as a creditor for my share of his property. But if I lend the £100, on the more liberal understanding that he shall pay me more or less according as he is able, then the law judges me to be answerable for all his debts! This monstrosity is justified, by saying that it is necessary for the protection of creditors; but in fact, it is worse for creditors, since it hinders people from lending to tradesmen except for fixed interest. It thus converts into a creditor the man who else would have been a sleeping partner, and probably swells the number of bankruptcies by forcing those to accept stock on credit who could have got ready capital on the principle of Commandite. All *managing* partners, in the French law, are liable with their whole property for the debts of the house, and the sleeping partners must of course lose their entire stake before the creditors can lose anything.

In a moral point of view the law of Commandite would be of great value in England. It would enable richer men to aid deserving tradesmen, with no sacrifice to themselves, and poorer men to employ their savings to advantage, in the business of the richer. Altogether, its tendency would be *to cement opposite orders*. At this moment there are master tradesmen in London, who would follow the

example begun in Paris, of paying their men's wages in some proportion to their own profits: then every man would have something to gain by his master's success and would work zealously as for himself. But this is now impossible, because the law will instantly count all the men partners,—will hold them responsible for the master's debts, and possibly give them far too great power over his proceedings. Justice, as well as expediency, urgently demands the overthrow of this arbitrary* rule, and the recognition of the principle of Commandite. If the operatives in our manufactories could be induced to invest their money in their master's business, this would be by far the best form of investment; for it would give them a direct interest in the success of the concern, and a sympathy with its losses. But if they are to remain in their present suspicious state of mind, or such slaves to their fellows that they dare not unite with a master, the law of Commandite will be a dead letter to them when adopted.

For workmen and capitalist to have one interest, would of course terminate the vexatious *strikes*, which have been often entered into by workmen simply because they are commanded by their club.

* The lawyers settle everything here, by the maxim, that "who ever profits by the success of a trade, must suffer by its failure"; therefore, if I lend £100 with the chance of getting from nothing up to ten or twelve pounds, I must be liable to forfeit £10,000, if I have so much! Surely, if a tradesman is prosperous enough to promise me *positively* 12 per cent. for my money, I "profit by his success" as truly as if his promise be *contingent*.

A sufficient reason for them sometimes is, that they know the master to have contracted to deliver goods on a certain day: this makes them believe that he will be forced to submit, if they seize the opportunity of striking for higher wages. Such injurious proceedings ought to excite the masters to inquire, whether there is not some way of inducing the best men to enter into engagements for a longer series of time;—which might be called *Labour-leases*. The arrangement would be highly desirable for the men, if it be true that they have at present anything to complain of. I hear of two objections to it from the masters; first, that the workmen who are really good and to be depended on, (with whom alone the masters would choose to make such a contract,) can at present always command employment, and feel themselves so firm and so independent, that they could not be induced to tie themselves to a master: secondly, that there are no tribunals to settle speedily and satisfactorily petty quarrels which would arise out of the interpretation of contracts.—If the former objection is solid, the workmen less and less deserve or need patronage; for they are strong enough to aid themselves. The latter objection is a disgrace to our institutions.

It is impossible to wonder that enlightened masters who have aimed to benefit their workmen, are discouraged and even disgusted when they find the men to own a closer allegiance to an irresponsible oligarchy which domineers in the club, than to the superior who desires to join their interests with his

own. Such masters retire from the effort as vain, saying that the men *desire to be free to make war upon them*, as essential to *their* notion of independence. The club probably will always do its utmost to hinder a union which would destroy the importance of its factious members; so, it seems, nothing can be done but to wait.

§ 5. SAVINGS' BANKS.

At present nothing so keeps down our lowest labourers as the want of investments for their savings. To employ these, the wellmeant institution of Savings' Banks has been devised; which in particular cases may do some good, but must necessarily prove less efficient in proportion as the scale of operation enlarges. My inquiry is not, whether individuals should use it, in the defect of anything better: perhaps they ought; but my inquiry is, whether the Government should establish and support the system. The first question is; Whence is the means of paying interest to be got, except by taxing the people? The answer which will be given, is, that "the money paid into the Savings' Banks may be invested in purchasing shares in the National Debt; consequently, if that Debt be estimated at 750 millions, no difficulty is encountered as long as the total accumulated in the Savings' Banks is less than this sum. The Government does but pay to the depositors the yearly interest which otherwise some other parties would have received."

It is true that the deposits of the Banks are paid over to the Commissioners for reducing the Debt: and as long as the sum is under 100 millions, the public will perhaps remain blind to the fact, that this is a powerful agent for artificially buoying up the value of the government securities, and riveting this noxious system more firmly than ever on the nation. If, without Savings' Banks, the natural price of Consols were at 90, (which means, that £90 is to be paid for a nominal £100 of "stock" which entitles the holder to £3 a year,) the bringing in of Savings' Banks with a capital of 30 millions which *must* be invested in Consols, will of course force up their price. But since Parliament has agreed to allow to these Banks £3 16s. per cent. yearly, the State sustains a loss if the Commissioners for reducing the Debt invest the money of the Banks in Consols and pay more than 79: for if £79 receives £3 as interest, this is very nearly at the rate of £3 16s. for £100. Possibly other "stock" is bought a little cheaper than Consols. I do not sufficiently understand some of the technical statements made on the subject, to venture to say more in detail. But in a State which is already so hopelessly in Debt that it will make no vigorous effort for relief, to plunge itself into a voluntary guarantee of £3 16s. per cent. for whatever sums the industrious classes may choose to entrust it with,—seems like an infatuation. What else is it, but to volunteer to become borrower of

any number of additional millions, with the farther embarrassment of being liable to pay to the depositors any sums at call? If a panic arose, which caused a run on these banks, the Government must of necessity refuse payment.

From forty to sixty years ago a system was in operation, which was called the "Sinking Fund," intended to lessen the National Debt. This was at last destroyed by Parliament, on finding that it had simply caused a new loss of eleven millions sterling. I cannot but feel a misgiving as to the modern "Commissioners for reducing the National Debt," to whom the money of the Savings' Banks is entrusted. Of course they do as they are bid; that is not the point: but possibly when this matter some years hence is closely looked into, it may appear, that the Savings' Banks have cost the nation a second eleven millions.

The whole idea is preposterous and ruinous, of the State finding investments for individuals. It is an idea which never could have been conceived, except where the vastness of Centralization and the entanglement of an artificial system of revenue darkens men's view of natural tendencies. People seem to forget that the annual taxes must be paid out of annual skill and industry, and that Parliament has no fertile farm where sovereigns will grow into guineas of themselves. If a law of Commandite were passed, I cannot but think it would be a most wholesome thing to enact, that within five

years' time the whole money of the Savings' Banks be repaid to the depositors, and the system totally destroyed.

If our operatives were once accustomed to invest their savings in their master's trade,—nay, or even in other trades by the side of it,—there is no reason why every one who was moral and prudent and enjoyed good health should not by the age of 30 be a little capitalist. And all wellbeing tends to its own increase: better education, better habits, more knowledge, sounder sense, would all grow together. Moreover, when the workmen began to receive visible gains from capital, they would rapidly leave off their grudge against capitalists, and the feud of the orders would come to an end. The clubs might survive, but be directed to far better ends, especially if they elected rich men for their honorary treasurers, and admitted all persons of the same locality, without reference to trade or station. But in all these matters they must fight their own battle, and win their own happiness. They repudiate advice as dictation; other orders therefore must be satisfied with securing that there be nothing in the public enactments to perpetuate the wilfulness and misery of this class.

§ 6. AGRICULTURIST RELATIONS.

But I turn to the agricultural population, whose case is far more difficult, because they depend on the farmers, and the farmers have been persecuted

by a series of vicious enactments, the ill effects of which are almost at their maximum. The Game Laws and the Law of Distraint, the system of Tenants at Will, unwise and unequitable Covenants in leases, Tithes (now commuted), Corn Laws often changed and every time to the farmer's mischief, weigh heavily even on skilful tenants. It is difficult to hope for a permanent improvement in the state of the labourers, until that of the farmers is more established.

But the very same economic evils meet us in the country, as in the towns, viz., the uncertainty of men's position. In many counties the farmers are tenants at will, in very few have they leases of sufficient length. So too the labourers are hired by the week, and in no case have any interest in the crop. Seventy years ago most of the unmarried farm-servants lodged in the farmer's house and ate at his table, and they were hired, I believe, by the half year. The master and servant often worked together, and young men not finding themselves homeless, did not marry so improvidently. A far stronger chasm has been introduced between the farmer and the labourer, than existed when farms were smaller, and in the absence of small farms and small freeholds it becomes practically impossible for a labourer ever to rise into a higher position or even to secure himself in his own.

The Economic remedies applicable to such a state seem to resolve themselves into two classes; those which enable the labourer to become a little

freeholder, and those which give him associated rights, only to be forfeited by misconduct. I must speak of the two separately.

α. FREEHOLDS.

When we see a people of cottiers and very small farmers, like the Irish, struggling on in alternate idleness and hard work,—notoriously industrious whenever they are likely to reap the reward themselves,—I cannot understand how any one can doubt that it would be a great elevation to these men to be converted into freeholders. It is absurd to dilate on the inconveniences of very small freeholds: the evils of them all exist already in the most exaggerated form, without any way of escape, except death or emigration. For such a people there is but one natural step upward,—to become freeholders. The most direct mode of effecting this, if the case be urgent, is a clear public right; viz., to enact, as was done in Prussia and in Hungary, that the actual holders shall retain their places, subject only to a moderate quitrent. As to old arrears, which are generally caused by the rents being too high, it would be cheaper to pay them once for all out of the imperial treasury, than be at the expense of keeping up armies in Ireland.—But if the case is less urgent, and such a measure is thought extreme, the next in stringency (and one which at any rate ought in my judgment to be enforced in that country) is, to command every landholder to sell to every cottier on the estate who

desires it, land, not more than (I will say) two acres; the price being set and a reasonable site adjudged by a free jury. The testimony of the neighbours should suffice to prove it to be freehold, and no lawyer's writ should be allowed to intrude.

Of course such an enactment would bring no immediate relief to the poorest. But many who now hide their money would then suddenly be found able to buy, and the nation would gain a large addition to its independent classes. A little yeomanry would in a few years be formed; and these would have more sympathy with the poor around than the landlords can have. The notorious right of purchase, and the example of the yeomen would stimulate the poorest to exertion, in hope of emulating them. From such a measure I could hope the gradual tranquillizing of Ireland, and a consequent flowing in of English capital. To make one step onward would be something for such a country, and it is not requisite to prove that a system of small freeholds is of all the very best.

In any case, for England as well as Ireland, it is an obvious duty to the poor to remove all the artificial impediments to the sale of land. These consist principally in the expense of legal deeds or instruments of conveyance, and uncertainties of title. As it is in great measure lawyers who have tied the knot, so lawyers must aid us in untying it. The Stamp Tax indeed may be modified; but I believe the great thing needed is to return to a less artificial system of law: to allow titles to rest

safely on notorious possession for sixty years, and accept the testimony of neighbours as sufficient evidence of sale, exploding everything technical and unintelligible to men of ordinary good sense. —We do not assert that to have many small freeholds is desirable for a nation. My own belief is, that it would be very evil to have a multitude of them together, unmixed with other elements. But we ought to let them have fair play, and not extirpate them by heavy fines. Let it be further observed, that by "*small* freeholds" something different would be meant in England and in Ireland. The Cumberland farmer who cultivated his own farm, had perhaps from 50 to 150 acres. This would have a very different economic result from a freehold of 2 or 3 acres. On a Cumberland farm cattle can be kept and the soil improved as in Belgium; nor has any one a right to say that the cultivation would not be as perfect as in the largest farms. If it will be in some sense less economic, that is a thing to be judged of by trial. The market itself must decide, not the governing power.

Some have asked,—*Why* have the Cumberland "statesmen" to so great an extent died out? and indeed it would be well to ascertain why all over England the yeomanry have been so exterminated. There are those, with whom the small number of the freeholders of England is a favourite topic for attacking the aristocracy and the whole social system: yet surely, whatever the sins of the aris-

tocracy and of the law, it cannot be said that there is any want of protection to freeholders, or that they have in the last 150 years been troubled by exceptive taxation. The indirect taxation may have made freeholders less able to purchase foreign luxuries, but it has surely had no tendency to oust them from their property. They can only have been ejected by their own will or by their own vices. Many, I have heard, kept up the old-fashioned drunkenness, in common with other habits of a past century, longer than the rest of the community; and this has sensibly aided in their ruin. Others have been attracted by the more splendid gains of trade, to desire to sell their land. A farmer has only a steady business, and is apt to envy the rapidly growing riches of a trader, without being able to value his occasional great losses. The same development of trade so enriched many individuals, as to excite a great coveting after land; and so many wealthy persons have been found to offer large prices to the little freeholders, that they have not been able to resist the bait. They have converted their land into moneyed capital, and gone to swell the ranks of traders.—At any rate, they have not been plundered; and if there has been a fault it is their own. This past history however implies, that until there is a great change of *public sentiment*, the class of yeomen is not likely to be restored in England. Nothing would more aid towards it, than a reinvigorating of the Shire-motes and Hundred-motes, which would

make the yeomanry feel themselves to be citizens with public responsibility.

β. METAYER CULTURE.

But I must now briefly notice the other topic; —that of imparting to the peasants *associated* rights. There are some rights, which in every circumstance they ought to have, as members of a village; but from my narrow limits I pass by these, as half-political. Assuming however that the most economic cultivation is found to be that of a farm large enough to need peasant labour, or at any rate, that this is a system which has taken hold, and cannot be exterminated, the question is, how will it attain its best state? For this end, the labourer surely ought to have an interest in making the crop as good as possible, and ought not to fear dismissal from any other cause than his own bad conduct. The métayer system of Italy at once suggests itself; but it will be at disadvantage here, because our farmer is liable to heavy and increasing rent. If his rent were converted into a fixed and very small quit rent, such as is the government tax on the Continent, then there would be much more*

* No one can read such addresses as those of the Essex Farmers, without seeing, that, whatever Economists may say, English farm rent is not always paid out of "surplus." The farmers look on rent as something necessary, and when hard pressed, *talk first of lowering wages*. Rents are now twice or three times what they were a century ago, for which increase the landlords have generally given nothing.

to be divided between him and the labourers : but while the landlord can extract out of the farmer all that competition will yield, the effect is, to reduce all our soils to the level of the worst, and decree that the whole agricultural population shall be no better off on good soil than on the most barren which is cultivated. This unnatural and unjust state of things exceedingly increases the difficulty of our problem.

Lord Wallscourt in Ireland has introduced on his estates a system fundamentally identical with that of the *métayer*, which he represents as highly successful, although it does not appear whether he advances capital ; which might seem essential to its success. He wrote in 1846 : "I have tried my plan for 17 years and have found it to answer much beyond my hopes ; inasmuch as it completely identifies the workmen with the success of the farm, besides giving me full liberty to travel on the Continent for a year at a time ; and on my return I have always found that the farm had prospered." Lord Wallscourt's practice is, to reckon a labourer to have invested £100 in his farm for every £5 a year which he receives as wages. This tariff could only be endurable where wages are, as in Ireland, exceedingly low ; there is no intrinsic propriety in the 5 per cent. The important *principle* is, that the labourer's remuneration is not wholly in money, but partly depends on the sale of the crop ; and this involves that he is engaged by the year. Lord Wallscourt's language clearly implies that there is

no farmer between him and the peasants; if so, his position is closely similar to that of the métayer landlord; and if he has not advanced capital, he has applied the scheme to disadvantage, as far as the cultivators are concerned. Indeed, no reason is apparent, why it should not be successful to an English farmer, who of course would then advance less capital than now. Take especially the case of one who is not rich; who cannot afford the heavy drain of wages for repeated hoeings and other important applications of labour. If he were to engage with his men for small ordinary wages, but gave to divide among them (I will say) one-twentieth of the produce, they would make their children turn out and help, and would zealously employ their own odd minutes to use the hoe, or to put in manure, or whatever else would increase the yield; or again, to tend the cattle and otherwise cherish the farm. Such voluntary exertions would in most circumstances add more than one-twentieth to the value in selling. At the present moment our farmers are sorely pressed in paying money-wages: even those who are rich are shrinking at the risk. Now therefore, peculiarly, might seem to be the time for attempting such a compromise, which the peasants would probably accept lest they be forced to submit to lower wages without the accompanying boon. If any farmer attempted it, even without a law of Commandite, it is hard to believe that inconveniences from this source would be allowed to vex him or the peasants.

I have said nearly all that I see available to our difficulties. Public opinion is slow and inflexible peculiarly among agriculturists; nor have I any expectations of speedy improvement. Indeed, no part of the English people has much power of imagination, or is able to learn new truth, except in connection with public events and measures. The public are now converted to the doctrine of free importation of food: it had long and long before been argumentatively demonstrated; yet they would have remained unconvinced for another century had not hostile tariffs persecuted our manufacturers and the potato-rot terrified our statesmen. Perhaps until the easy classes are alarmed, they will not look deeply into our social state. They will be satisfied to see in the streets young girls trying to sell single nosegays or lucifer-boxes or pincushions—nay, acting as streetsweepers; and to hear that thousands of men rise every morning in London not knowing whence they are to be fed till night. Until some dreadful explosion takes place, such as Paris has more than once of late exhibited, few of us understand the phrase now familiar to French statistics,—*the dangerous classes*. Rickburning in England, as streetburning in Constantinople, is the only language by which our peasants tell their dissatisfaction:—for there is no folknote to listen to them.

Yet it is not useless, when many ardent persons are preaching a Procrustean system which they call Socialism,—it is not useless to point out other courses.

by which an amelioration of our state may be hoped : for if we *only* acknowledge and lament evil, and from caution or from a desire "not to commit oneself" we refrain from pointing to remedies, those who are bold and confident in their promises hurry off sensitive minds into their cause however unsound.

Finally, I beg you to understand, that I regard a Parliamentary remedy for Pauperism as absurd as a royal road to learning. To our Parliament one has nearly to say, what Demosthenes said to the Athenians: "Make no more laws, for you have too many; but rescind many of those which exist." The greatest and best Acts done in the last century, are mere repeals of unreasonable or unrighteous Statutes. Such repeals are still urgently needed, to restore Englishmen the rights which they once had : after this, each county and each town, each class of industrial organization, must fight with and conquer its own special difficulties. Indeed concerning the specialities of any trade, I should feel it absurd to speak confidently. All that I venture to assert consists *in great moral principles*, such as : that those who are associated in labour ought to have moral union and joint interest, as permanent as possible, and that they should be able to exact their own remedies within their own sphere, instead of waiting on a distant, slow, unversatile centralization. Whether anything which I have thrown out in detail, will anywhere prove feasible, agriculturists

and manufacturers must themselves find out: but they persist in crying to Parliament to increase their gains, they will (as always hitherto) reap disappointment and loss, and if their prayers are heard sow the seeds of infinite evils.

He holds no holiday with morning prayer
on Duty bids he study steadily there
and a thousand dangers at he will
find, trusting in his God, surmounts them all.
Conpher - Sept 28. 89

